
PERFORMANCE AUDIT OF THE CITY'S TOWING PROGRAM

Finding 1: The City should strengthen the public oversight and transparency of the vehicle towing program by publicly reporting on the program's outcomes, impacts to residents, and potential revisions to tow policies and practices.

Finding 2: Internal oversight of the towing program is strong and SDPD should continue to conduct performance evaluations in compliance with the City's contract guide.

**Office of the
City Auditor**

City of San Diego



Performance Audit of the City’s Towing Program

Why OCA did this study

Vehicle towing provides public benefits, such as ensuring streets are clear for street sweeping, parking is available for all, parking rules and laws are followed, and vehicles are registered. However, towing can also have disproportionate impacts on vulnerable populations, such as people who are low-income or are experiencing homelessness. For some people, a vehicle tow may result in the permanent loss of their vehicle, loss of employment, loss of access to education and medical care, and other consequences.

California State law gives cities the ability to tow vehicles and permits them to adopt additional laws and policies regulating the towing of vehicles in their own jurisdiction. Consequently, a local government’s policies may impact how various types of infractions are enforced.

Our audit included the following objectives:

1. Evaluate the financial, equity, and public benefit effects of the City’s vehicle towing program, and how those effects may vary under alternative vehicle towing policy and fee models; and
2. Determine the extent to which the City monitors and evaluates contractor performance, in accordance with the City’s Contract Compliance Guide, Council Policy 500-03, and the contract.

What OCA found

Finding 1: The City should strengthen the public oversight and transparency of the vehicle towing program by publicly reporting on the program’s outcomes, impacts to residents, and potential revisions to towing policies and practices.

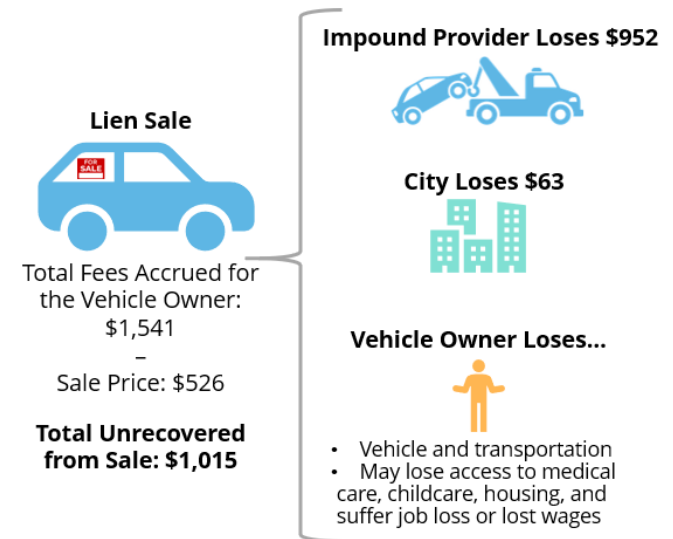
The San Diego Police Department (SDPD) is primarily responsible for overseeing the City’s towing program. Per City Council Policy 500-03, SDPD should provide annual updates regarding the City’s towing program to City Council and the public; however, **SDPD has not provided a comprehensive update since 2013.**

Council Policy 500-03 does not specify what information on the program and towing trends should be included in a report. However, we found several important trends and takeaways from recent towing practices that highlight program changes and potential effects to the City and residents. For example, we found:

- From FY2017 to FY2021, towing declined by 39 percent in the City;
- While the number of tows has been decreasing, the number of parking complaints has been increasing; and
- SDPD regularly benchmarks its towing and storage rates with other local jurisdictions and the City’s rates are the lowest compared to four other jurisdictions.

In addition, Councilmembers have expressed concern over the impacts the towing program has on vulnerable residents. We found that “**Disproportionate Impact Tows**”—expired registration over six months, 72-hour parking violations, and five or more unpaid parking citations—lead to increased likelihood of people losing their vehicles via lien sales, which can mean unrecovered costs for the City, the impound provider, and potentially severe impacts on some vehicle owners, as shown in **Exhibit 13**.

Exhibit 13: Lien Sales May Result in Costly Impacts to Multiple Parties



Source: Auditor generated based on review of SDPD’s towing manual, SDPD’s towing data, and *Towed into Debt*.

In early 2022, the City Council decided to postpone increases to the towing program’s administrative fees. According to figures provided by SDPD, we estimate this has resulted in a program subsidization of approximately \$1 million in foregone administrative revenue for FY2023.

We also found that SDPD has not historically calculated and reported the towing program’s full costs and revenues. This information should be included in future reports to City Council. We estimate that the City’s overall subsidy of the program is closer to approximately \$1.5 million. This is partly because approximately **27 percent of tows result in lien sales, which limit the City’s and impound providers’ ability to recover accrued costs.** We also found that the City’s top two towing reasons—expired registration over six months and 72-hour parking violations—are types of Disproportionate Impact Tows. These reasons are approximately **3 to 5 times more likely to result in a lien sale, and are another reason why the City’s towing program is not currently cost recoverable.**

Finding 1, continued

Given the City Council’s concern over the impacts of the program and the significant financial, equity, and quality of life implications we found exist, City leadership should evaluate its options and articulate a policy direction on enforcement and fees for the towing program going forward. We found **other agencies have employed alternative towing models and practices that City policymakers could consider to balance the City’s competing goals**—for example, a “text before tow” option, updating or restructuring of fees, alternative enforcement efforts such as “booting,” or community service instead of fees.

To inform the City’s decision making, **SDPD should periodically and publicly report on numerous aspects of the program’s financial, equity, and quality of life implications for the City and its residents.** In addition to providing general information on the towing program and overall trends, SDPD should inform City leadership on how the towing program disproportionately affects vulnerable residents.

Finding 2: Internal oversight of the towing program is strong and SDPD should continue to conduct performance evaluations in compliance with the City’s contract guide.

We found that SDPD has implemented strong internal controls over the towing program. The City’s third-party vendor for data management and dispatching, AutoReturn, allows for timely monitoring of the contracted tow and impound providers. We found that AutoReturn accurately tracks and calculates towing fees. This provides **reasonable assurance that tow and impound providers are following policies and procedures set by the City.**

One area for improvement is contractor performance evaluations. The City’s contract compliance guide states that SDPD should conduct contractor evaluations on a quarterly basis and provide the evaluations to the Purchasing and Contracting Department and to the contractors. The guide states that contractors should be evaluated on the service they are responsible for providing, how they are supposed to provide it, and if they met the City’s requirements. The evaluations may be considered in evaluating future proposals and bids for contract award.

However, from FY2019 to FY2022, we found that SDPD had not been conducting contractor evaluations as required by the contract guide. During the course of this audit, in late FY2022, SDPD began conducting the evaluations, which met the contract guide’s requirements. Specifically, SDPD evaluated its contractors based on the performance standards within the towing manual, such as impound response times, tow truck driver requirements, customer service to citizens, and data entry.

Monitoring and tracking performance is key to assessing program outcomes and ensuring contract compliance. Performance evaluations can help improve vendor performance and may minimize the City’s risk of contracting with previously poor-performing vendors in future contract solicitations.

Exhibit 16: SDPD Adheres to Best Practices for Contract Monitoring in Its New Vendor Performance Monitoring Forms but had Not Yet Shared Vendor Performance Forms with P&C Until FY2023

SDPD reviews the vendor's performance of the following checked boxes:	
Conformance to contract requirements	<input checked="" type="checkbox"/>
Forecasting and controlling costs	<input checked="" type="checkbox"/>
Adherence to schedules, including administration	<input checked="" type="checkbox"/>
Cooperative behavior and commitment to customer satisfaction	<input checked="" type="checkbox"/>
Reporting into databases	<input checked="" type="checkbox"/>
Integrity and business ethics	<input checked="" type="checkbox"/>
Business-like concern for the interest of the customer	<input checked="" type="checkbox"/>
SDPD had not yet:*	
Shared vendor evaluations with Purchasing and Contracting	<input type="checkbox"/>

Source: Auditor generated based on the OCA’s 2015 Performance Audit of Citywide Contract Oversight and SDPD’s Quarter 1 FY2023 Compliance Evaluations.

What OCA recommends

We make 4 recommendations to address the issues outlined throughout the report. Key recommendation elements include:

- **SDPD should present a comprehensive report on the towing program’s operations** to the Public Safety and Livable Neighborhoods Committee and/or City Council prior to each of the City’s comprehensive user fee studies, as well as prior to issuing or renewing an RFP for relevant towing and/or impound contracts.
- Prior to presentation of the next towing program update, SDPD should work with City leadership to present a new or updated Council Policy 500-03 for City Council’s approval. This **policy should outline specific information that should be included in the report.**
- **SDPD should solicit, compile, and report information to City Council on potential policy options for the towing program**, with input from other City departments such as City Treasurer’s, Homelessness Strategies, and others.
- SDPD should **continue to conduct quarterly performance evaluations** for its licensed towing and impound contractors and submit these forms to the Purchasing and Contracting Department for monitoring.

City Management agreed with 3 of the 4 recommendations. SDPD did not agree to compile and report information on alternative policy options.

For more information, contact Andy Hanau, City Auditor at (619) 533-3165 or CityAuditor@sandiego.gov



THE CITY OF SAN DIEGO

December 20, 2022

Honorable Mayor, City Council, and Audit Committee Members
City of San Diego, California

Government Auditing Standards (section 9.68) state that if, after a report is issued, auditors discover information that affects the findings or conclusions, they should communicate with appropriate entities and known users to update the report.

After the November 14 publishing of our Performance Audit of the City's Towing Program, our office received an inquiry raising an issue regarding the estimated fiscal impact to the City from lien sales. The party was able to provide additional evidence substantiating their position, and we confirmed the information with SDPD before updating and re-issuing our report. Although we have revised the data, the report's overall findings and recommendations remain. In fact, we believe this matter underscores our stated point and recommendations about the importance of more periodic and transparent program monitoring in compliance with existing Council Policy.

The high-level takeaway from the change is the estimated amounts for the fiscal loss to the City in the event of lien sales of impounded vehicles decreases from approximately \$808,000 per year to \$309,000 per year. The amount that impound providers lose is correspondingly higher. The impacts to vehicle owners are the same as previously reported.

Specifically, the City's uncollected costs in the event of a lien sale include the Tow Impound Cost Recovery Fee, but do not include the towing and dispatch fees. This new information affects calculated figures within Exhibits 11, 12, and 13 of the report. For Exhibit 11, our estimated towing program deficit for FY2023 changes from approximately \$2 million to \$1.5 million. In Exhibits 12 and 13, our overall titles and takeaways stay the same. However, the amounts owed to/lost by the City in the event of a given lien sale decrease from \$150 to \$63.

We make diligent efforts to ensure information we publish is as accurate as possible before a report is made public, including sharing draft versions with relevant City departments, and meeting to discuss potential discrepancies, inaccuracies, and other issues. The information regarding this issue that was initially included in the report was based on statements and data provided and reviewed by SDPD. After we made the revisions, we confirmed the revised information with SDPD before re-issuing our report.

OFFICE OF THE CITY AUDITOR
600 B STREET, SUITE 1350 • SAN DIEGO, CA 92101
PHONE (619) 533-3165 • CityAuditor@saniego.gov

TO REPORT FRAUD, WASTE, OR ABUSE, CALL OUR FRAUD HOTLINE: (866) 809-3500



Although this issue did not come to light until after publishing, we take seriously our duty to provide the most accurate and complete information we are aware of in the interests of the public and in conformance with Government Auditing Standards.

Respectfully submitted,



Andy Hanau
City Auditor

cc: Eric K. Dargan, Chief Operating Officer
David Nisleit, Chief of Police, San Diego Police Department
Honorable City Attorney, Mara Elliot
Matt Vespi, Chief Financial Officer
Jessica Lawrence, Director of Policy, Office of the Mayor
Christiana Gauger, Chief Compliance Officer
Charles Modica, Independent Budget Analyst



THE CITY OF SAN DIEGO

November 14, 2022 (updated version issued December 20, 2022)

Honorable Mayor, City Council, and Audit Committee Members
City of San Diego, California

Transmitted herewith is a performance audit report of the City's towing program. This report was conducted in accordance with the City Auditor's Fiscal Year 2022 Audit Work Plan, and the report is presented in accordance with City Charter Section 39.2. Audit Objectives, Scope, and Methodology are presented in Appendix B. Management's responses to our audit recommendations are presented starting on page 46 of this report. Per Government Auditing Standards Section 9.52, our response to Management's comments is on page 50.

We would like to thank staff from the San Diego Police Department for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information is greatly appreciated. The audit staff members responsible for this audit report are Niki Kalmus, Megan Jaffery, Nathan Otto, and Matthew Helm.

Respectfully submitted,

Andy Hanau
City Auditor

cc: Eric K. Dargan, Chief Operating Officer
David Nisleit, Chief of Police, San Diego Police Department
Honorable City Attorney, Mara Elliot
Matt Vespi, Chief Financial Officer
Jessica Lawrence, Director of Policy, Office of the Mayor
Christiana Gauger, Chief Compliance Officer
Charles Modica, Independent Budget Analyst

OFFICE OF THE CITY AUDITOR
600 B STREET, SUITE 1350 • SAN DIEGO, CA 92101
PHONE (619) 533-3165 • CityAuditor@sandiego.gov

TO REPORT FRAUD, WASTE, OR ABUSE, CALL OUR FRAUD HOTLINE (866) 809-3500



Table of Contents

Background	1
Audit Results	7
Finding 1: The City should strengthen the public oversight and transparency of the vehicle towing program by publicly reporting on the program’s outcomes, impacts to residents, and potential revisions to tow policies and practices.	7
Recommendations 1-3	32
Finding 2: Internal oversight of the towing program is strong and SDPD should continue to conduct performance evaluations in compliance with the City’s contract guide.....	36
Recommendation 4.....	39
Appendix A: Definition of Audit Recommendation Priorities	40
Appendix B: Objectives, Scope, and Methodology.....	41
Appendix C: The City of San Diego’s Towing Rates and Fees as of FY2022	45
Management Response.....	46
City Auditor’s Comments to the Management Response.....	50

Background

Towing is intended to provide public benefits but can also disproportionately impact certain populations.

All San Diegans benefit from services that reflect the needs of residents and communities. Towing is a public service that benefits communities by ensuring public safety and that parking availability is equitable. Towing provides public benefits, such as ensuring the streets are clear for street sweeping, parking is available for all, parking rules and laws are followed, and vehicles are registered.

California State law gives cities the ability to tow vehicles and permits them to adopt additional laws and policies regulating the towing of vehicles in their own jurisdiction. Consequently, a local government's policies may impact how various types of infractions are enforced. Therefore, the City of San Diego (City) can make policy decisions to alter its towing practices within its jurisdiction. In San Diego, the City can tow for obstructing flow of traffic or causing a hazard, preventing access to a fire hydrant, and for parking on City streets for over 72 hours, among several other reasons.

Towing can also have disproportionate impacts on vulnerable populations, such as people who are low-income or are experiencing homelessness. Some towing reasons that disproportionately affect low-income people and people who are experiencing homelessness are often associated with higher towing and impound fees and are more likely to result in a lien sale.¹ For some people, a vehicle tow may result in the permanent loss of their vehicle, loss of employment, loss of access to education and medical care, and other consequences. In fact, this audit was prompted by Councilmembers' concerns over the towing program's impact on low-income San Diegans.

¹ As discussed in Finding 1, Disproportionate Impact Tows—five or more unpaid parking citations, expired registration over six months, and 72-hour parking violations—disproportionately affect low-income people and persons experiencing homelessness.

SDPD administers the City's towing program.

The San Diego Police Department (SDPD) authorizes the towing of approximately 20,000 vehicles each year from public streets and highways. SDPD's Tow Administration Unit is a specialized unit that manages the City's towing program for City-initiated tows—tows ordered by a sworn police officer or City entity on public streets and highways.² Unlike many other cities, the Tow Administration Unit is a dedicated unit with an administrative sergeant who oversees the towing program's operations including towing, impound, storage, release, disposal, and billing for City-initiated tows. The City is not responsible for towing from a privately-owned parking lot unless there is a violation of the law. In addition, according to SDPD, any tow that could be considered predatory, such as a tow company proactively towing a vehicle in violation of the law without a request from SDPD, is investigated in the same way as any other crime.

The organization of the towing program allows the City to provide program transparency and have control over the program's billing and costs. The towing program seeks full cost recovery, collection of accurate towing data, accurate billing, and to protect citizens from being taken advantage of by towing and impound providers.

The City contracts with third-party vendors to provide towing services.

The City contracts with licensed towing and impound providers to perform towing services, impounds, releases, storage services, and vehicle disposal services. In fiscal year (FY) 2017, the City contracted with eight companies for towing services and four companies for impound services using one-year contracts with four one-year extensions. According to the Chief Operating Officer, due to City Council's request for this audit, the contracts were extended for an additional year in FY2023.

The City also contracts with AutoReturn, a towing dispatch provider, to provide dispatch, billing, and data management services. AutoReturn randomly selects and dispatches the closest towing provider to perform a tow based upon the location of the incident. AutoReturn also monitors the type and size of the tow, equipment necessary versus what was used,

² According to SDPD, tows ordered by SDPD at the scene of an accident are considered private tows. Private property owners will call a towing provider to initiate tows on private property.

mileage, response times, vehicle information, towing reasons, and any other pertinent information.

The City's towing contractors work with SDPD to tow and impound vehicles.

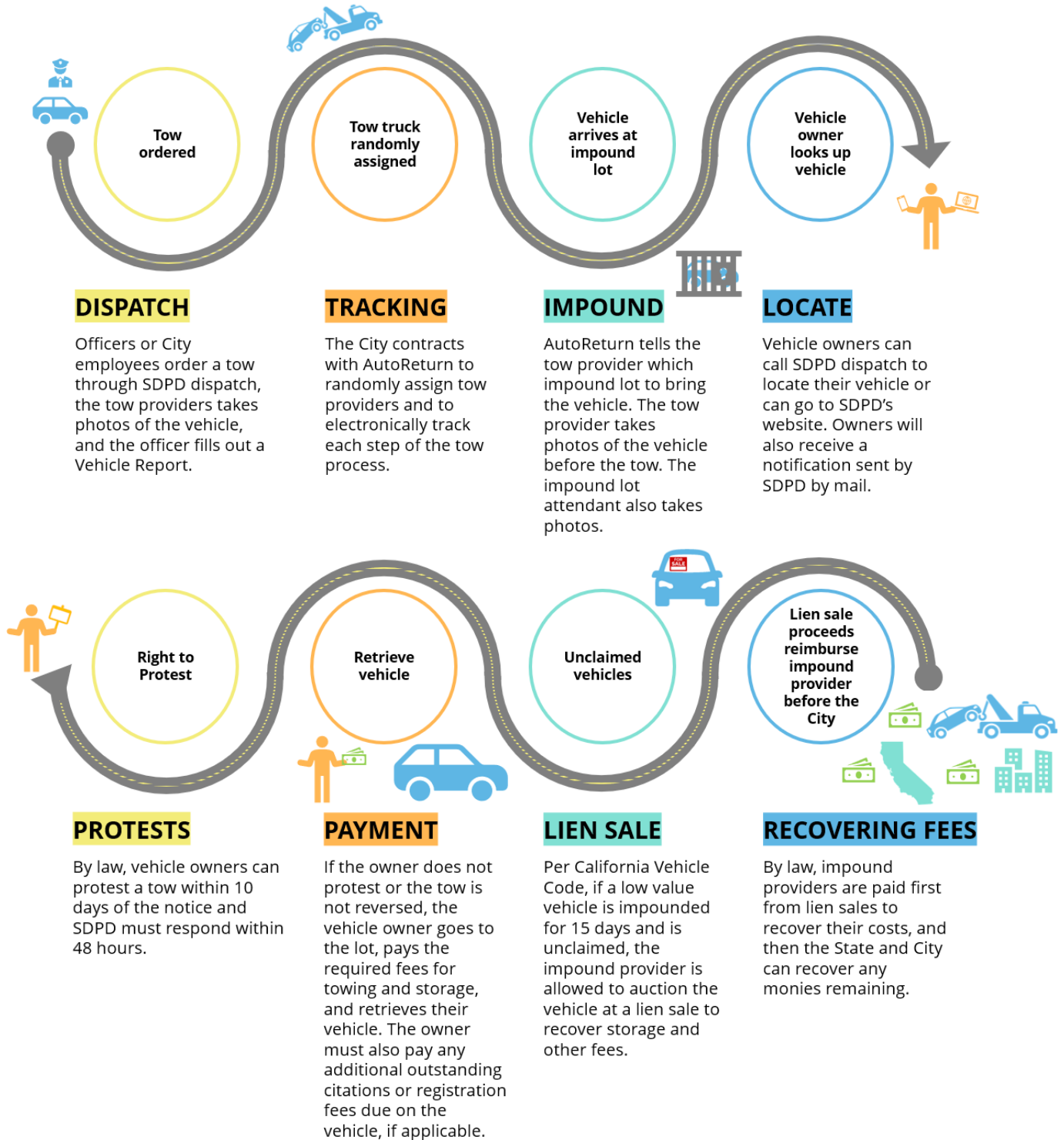
Exhibit 1 provides a high-level overview of the towing process. When an officer or City employee orders a tow, a towing provider tows the vehicle to the nearest impound lot (as directed by AutoReturn). If a vehicle owner suspects their vehicle has been towed, they can call AutoReturn or SDPD, or they can visit SDPD's website and search for their vehicle. According to SDPD, within 48 hours of any vehicle being impounded by SDPD, the Records Unit mails a notice to the registered vehicle owner informing them of the impound and of their right to a tow hearing, which must be requested within 10 days of the notice. Vehicle owners must pay all applicable fees for the vehicle to be released.

If a vehicle owner cannot pay or does not retrieve their vehicle, the impound provider can auction the vehicle at a lien sale. The impound provider is required by law to send the registered owner lien notices and to request a lien sale from the California Department of Motor Vehicles. Upon sale of the vehicle, California law allows the impound provider to use the profit to reimburse itself first for outstanding storage fees, and then if the proceeds of the sale are greater than the storage expense, the impound provider is required to satisfy debts to the legal owner, the holder(s) of any liens, or written interest in the vehicle. Then, once all other interests are addressed, the funds will go to the State, and finally to the City for any fees accrued.³

³ Discussed in detail in Finding 1, lien sales often do not make enough profit to reimburse the Licensed Impound Provider for their storage services. Average lien sale price garners 45 percent of the total amount of fees owed (storage, tow, and the City's cost-recovery fee).

Exhibit 1

The City of San Diego's Towing Process



Source: Auditor generated based on review of SDPD's towing manual and relevant sections of the California Vehicle Codes.

The towing program's fees and rates must be approved by City Council and/or City Management.

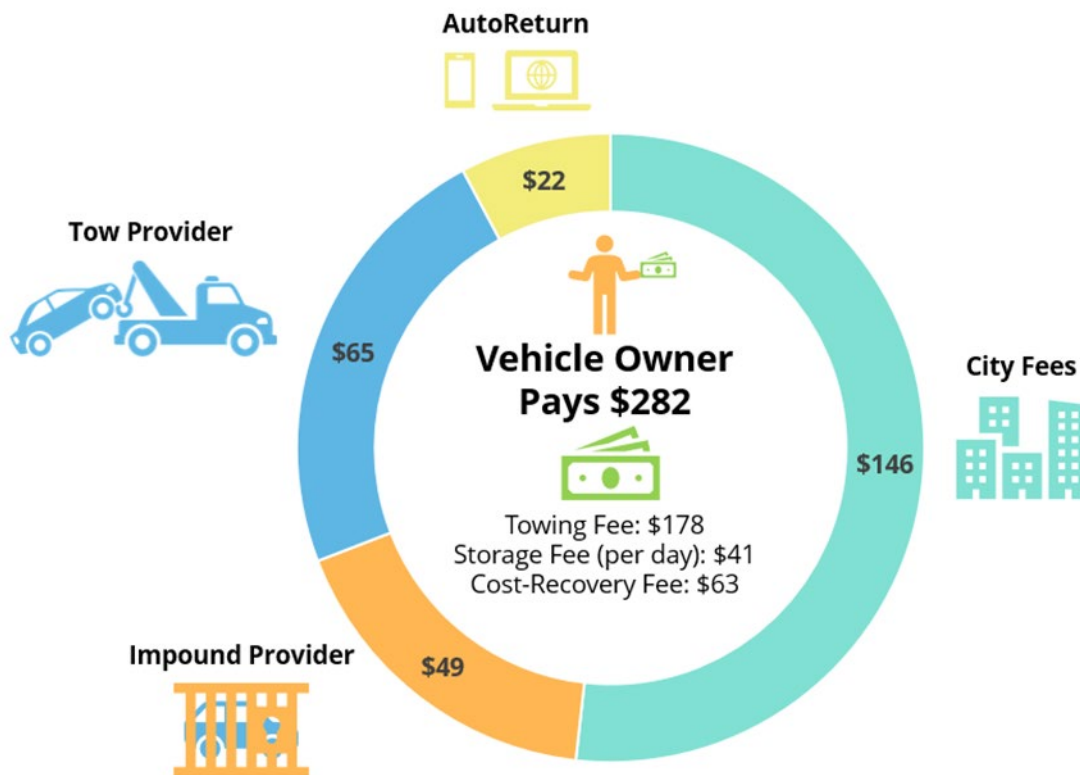
The cost of the towing program is divided between the towed vehicle's registered owner and the contracted impound providers. The City establishes and sets the towing and storage rates paid by vehicle owners. The applicable rates are stated within the towing contracts and SDPD's towing program manual. According to contract documents, the rates are based on estimates of aggregate impound provider costs and fees.

Appendix C details the City's towing rates and fees, who sets the amount, and who receives each payment.

When a vehicle is not sold in a lien sale, the vehicle owner pays the impound provider the City's tow impound cost-recovery fee (cost-recovery fee), storage fees, and a towing rate (i.e., cost of the tow). The impound provider recovers its storage expenses through the fees it charges the vehicle owner upon the vehicle's release. The impound provider then pays the City a franchise fee for each vehicle impounded, and the City pays the towing provider and AutoReturn their contracted rates for their respective services. This structure assures that the towing provider and impound provider cannot collude or create side agreements for rerouting vehicles and provides a transparent financial transaction for the safety of all parties involved. **Exhibit 2** illustrates an example of a standard tow stored for one day overnight and how much money the City, impound provider, tow provider, and AutoReturn would receive from the vehicle owner's payment.

Exhibit 2

The Vehicle Owner Pays to Retrieve Their Vehicle and Payment is Split Among the City, Impound Provider, Towing Provider, and AutoReturn



Note: The impound provider pays the City the \$63 cost-recovery fee, originally paid by the vehicle owner, and an \$83 franchise fee for the privilege of contracting with the City.

Source: Auditor generated based on review of SDPD's towing manual. Graphic is generated based on an example of a standard duty vehicle (i.e., light duty or average vehicle) located in an urban zone and picked up the day after it was towed.

In cases where a vehicle is lien sold, the City may recover its cost-recovery fee from sale proceeds only if the sale price is greater than the storage fees accrued, as discussed in Finding 1.

The cost-recovery fee and franchise fee allow the City to recover all (but not exceed) actual and reasonable towing program expenses. Under California law, the City cannot capture any revenue that exceeds its actual program expenses relating to the removal, impound, storage, or release of an impounded vehicle. These fees are periodically adjusted via the City's user fee update process and must be approved by City Council.

Audit Results

Finding 1: The City should strengthen the public oversight and transparency of the vehicle towing program by publicly reporting on the program's outcomes, impacts to residents, and potential revisions to tow policies and practices.

A general program overview is necessary for City leadership to make informed decisions regarding the towing program's performance.

Several elements are critical to monitoring the towing program's performance, such as monitoring performance measures, assessing outcomes, and informing City leadership of the program's outcomes. Per City Council Policy 500-03, the San Diego Police Department (SDPD) should provide annual updates regarding the City's towing program to City Council and the public; however, SDPD has not provided a comprehensive update since 2013.

Without fundamental program information and regular updates, City leadership cannot assess the towing program's performance and take informed action to alter the program's outcomes. We found that while SDPD monitors and assesses the towing program's performance and that of its contractors, it does not regularly report basic program information and performance measures to City Council. Therefore, City leadership should be informed of key performance measures on overall towing trends, such as:

- Program overview including Tow Administration Unit activities, such as training, inspections conducted, and operational changes or upgrades;
- Volume of tows, including number of tows per reason, number of vehicles impounded per year, number of vehicles sold per reason, and number of vehicles towed/impounded by location per year;
- Demand for parking enforcement in the City as measured by number of Get It Done requests for parking violations, including 72-hour violations;
- Response times for licensed tow providers;

- Number of bad tows/post-storage hearing reversals;⁴ and
- Distribution of time from vehicle impound to release.

SDPD's 2013 Update to the Public Safety and Livable Neighborhoods Committee included information on the towing program's performance; however, additional information should be provided in future reports.

SDPD made a good faith effort to meet the spirit of Council Policy 500-03 (CP 500-03) with its last comprehensive update to the City Council⁵ in 2013, even though CP 500-03 lacks specific requirements for certain critical information to be included in the updates.⁶ The 2013 update included a high-level overview of the Tow Administration Unit's operations and training activities; towing program data, such as tow provider response times and number of vehicles towed by towing reason; and operational upgrades, such as AutoReturn's provision of smartphones to licensed towing providers to improve response times.

The 2013 update from SDPD showed a multi-year trend of the declining number of tows per year. More importantly, the report gave context to this trend. It stated that the decline was due to changes in operational policy that allowed greater discretion among officers to decide whether to tow a vehicle, as well as a decrease in the number of sworn officers, which reduced proactive patrol that generates tows. This kind of context is particularly relevant and should be relayed to City Council given SDPD's policy of reduced enforcement during COVID-19, as discussed later in this finding. While the 2013 report included a good amount of general information on the towing program, we found that the report lacked more detailed information contextualizing the towing program's effects on residents and the City, discussed in the following sections.

⁴ Post-storage hearing reversals occur when the City reimburses or waives a vehicle owner's towing fees as a result of a "bad tow," (i.e., an error made by an officer and/or tow provider in which the vehicle was legally parked and/or should not have been towed).

⁵ Council Policy 500-03 specifically requires that SDPD report to the Public Safety and Livable Neighborhoods Committee (PSLN). However, for general use, we refer to the City Council throughout this report in lieu of PSLN because the committee is ultimately an arm of the City Council.

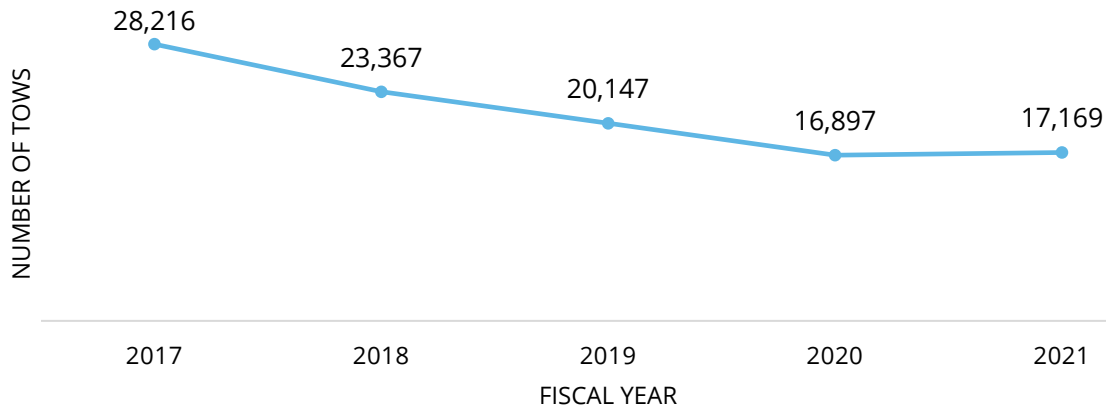
⁶ <https://docs.sandiego.gov/reportstocouncil/2013/13-015.pdf>

Council Policy does not specify that high-level towing program trends and performance—including demand for towing in the City, time a vehicle is impounded, and the geographical distribution of tows—should be included in the annual updates.

Since Council Policy 500-03 does not provide direction on what should be presented, SDPD is not required to present specific towing trends or program information. However, we found several important trends and takeaways from recent towing practices that highlight towing program changes and potential effects to the City and residents. From FY2017 to FY2021, as shown in **Exhibit 3** below, towing has declined by 39 percent in the City of San Diego. Some recent reasons for this include discretion among officers when deciding to tow a vehicle and reduced enforcement during the COVID-19 pandemic.

Exhibit 3

The Volume of City-Initiated Tows per Fiscal Year Has Been Decreasing



Note: Private tows and tows/transfers of City vehicles are excluded. Data reflects July 1, 2016 to June 30, 2021.

Source: Auditor generated based on towing data provided by SDPD.

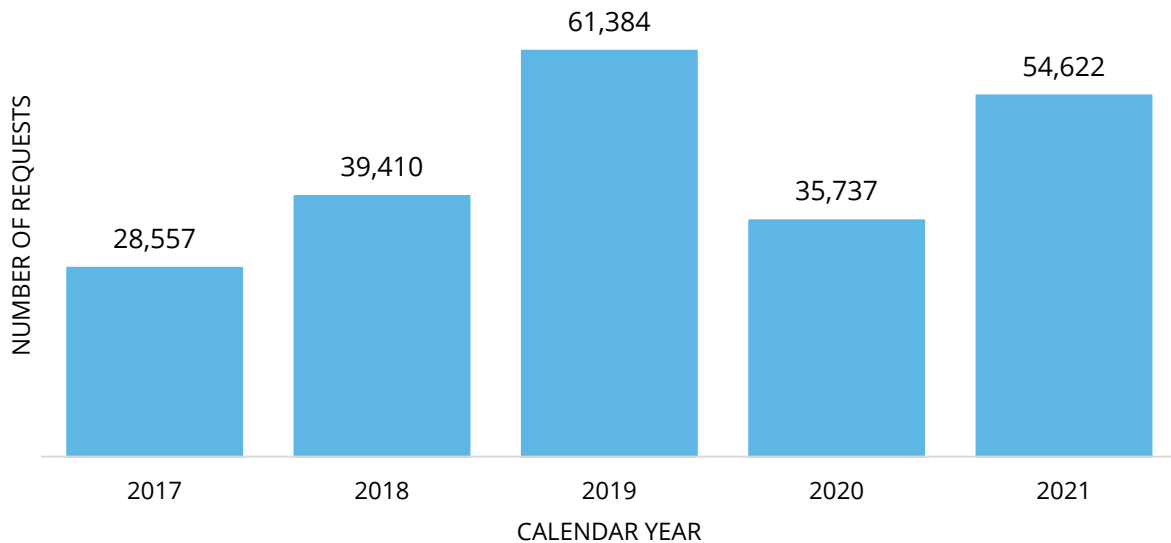
While the number of tows has been decreasing, the number of parking complaints has been increasing on the City's Get It Done platform.⁷ Parking complaints demonstrate the demand for parking in the City and highlight how SDPD must balance the public's desire for enforcement with the consideration of disproportionate impacts to vulnerable populations. **Exhibit 4** demonstrates trends in the demand for all parking enforcement

⁷ Get It Done is the City's platform that can be used to report problems related to City assets via a mobile application or through the Get It Done website.

in San Diego as measured by Get It Done requests from the public, including 72-hour parking violations, abandoned vehicles, and parking zone violations. In 2017, after Get It Done first came online, about 30,000 requests for parking enforcement were received. This increased to more than 60,000 in 2019. A significant drop in requests occurred in 2020, likely due to the COVID-19 pandemic, and requests rebounded to more than 50,000 in 2021. SDPD expects the number of requests likely to remain above 50,000 as received in 2021.

Exhibit 4

Parking Requests from Get It Done Demonstrate the Demand for Parking Enforcement



Note: Data includes any requests submitted through Get It Done, and includes 72-hour violations, abandoned vehicles, and parking zone violations.

Source: Auditor generated based on Get It Done data from the City's Open Data Portal, filtered to parking requests.

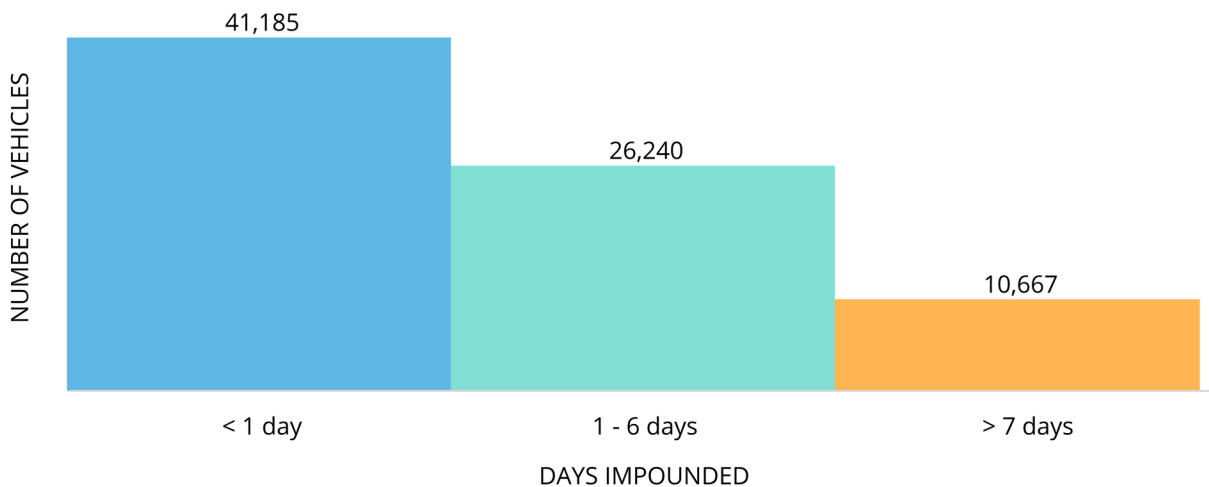
Furthermore, reporting on the number of post-storage hearing reversals per year would also help City leadership assess potential patterns of improper tows and evaluate SDPD's performance. Between FY2017 and FY2022, SDPD reversed 316 tows out of 119,059 total tows, or approximately 1 in 357 tows. This, in part with additional controls discussed in Finding 2, indicates strong controls over the towing program.

Over half of impounded vehicles in the City are released in less than 24 hours of impound.

Information on the amount of time a vehicle is stored in City impound lots before release can help policymakers determine the relationship between the time in storage and fees accrued. **Exhibit 5** shows that most vehicles are released from impound in less than 24 hours. Data also shows that one-fourth of vehicles released in San Diego are retrieved within 4 hours of impound.

Exhibit 5

Vehicles Released Were Most Commonly Retrieved from Impound Lots in Less Than 24 Hours



Note: Only vehicles towed, impounded, and then released from impound are included. Data reflects July 1, 2016 to March 20, 2022.

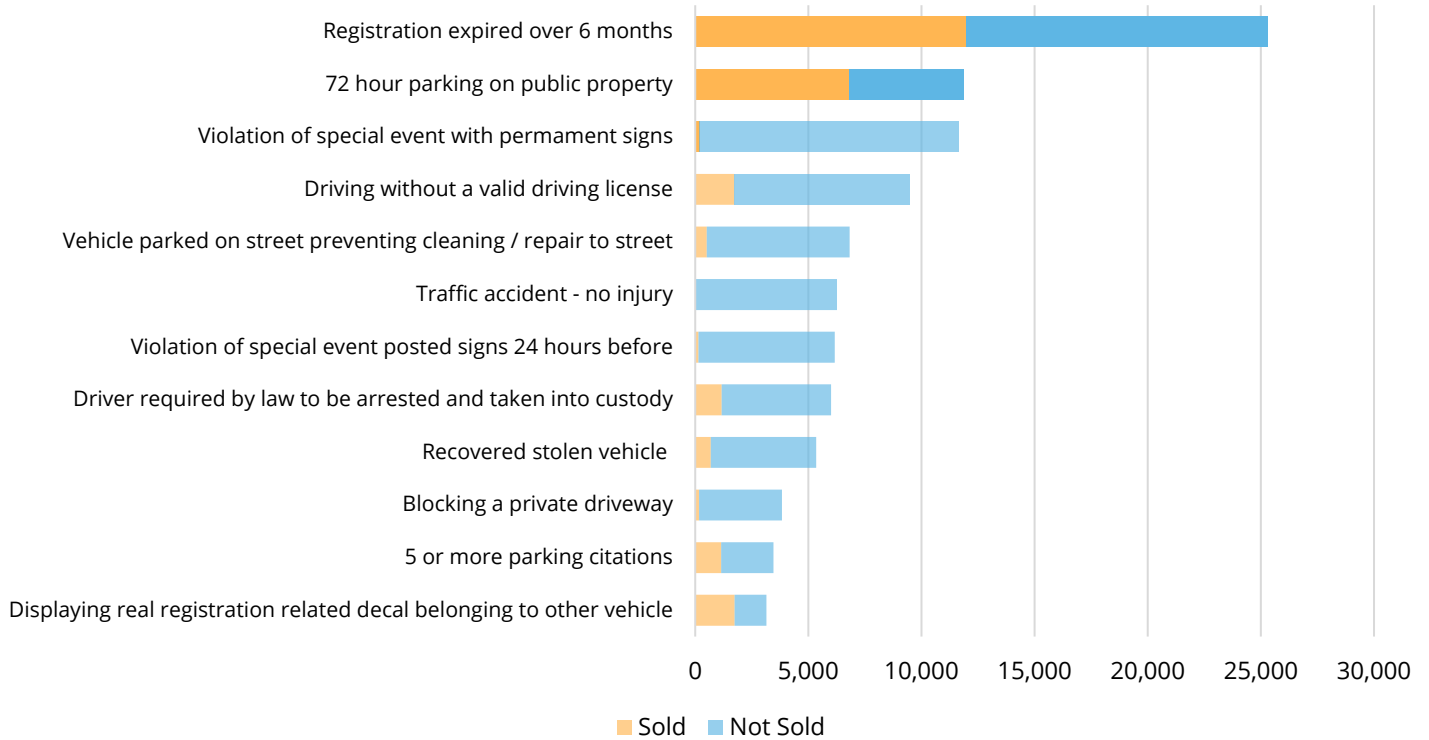
Source: Auditor generated based on towing data provided by SDPD.

SDPD should report to City Council on the top towing reasons, number of vehicles sold, and geographic distribution of tows to assess the program's impacts on residents.

City leadership can use the number of vehicles sold per tow reason to estimate the likelihood that a tow will result in a greater number of vehicles sold in lien sales. For example, **Exhibit 6** shows that the top two towing reasons for FY2017 to FY2022—expired registration and 72-hour parking violations—were more likely to result in a lien sale. Specifically, for expired registration tows, 47 percent were eventually sold, and for 72-hour parking violations, 57 percent were eventually sold.

Exhibit 6

The Top Two Towing Reasons—Expired Registration and 72-hour Parking Violations—Were More Likely to Result in a Lien Sale Than Most Other Types of Tows (FY2017–FY2022)



Note: According to SDPD, in 2021 there were approximately 1.4 million registered vehicles in the City of San Diego.

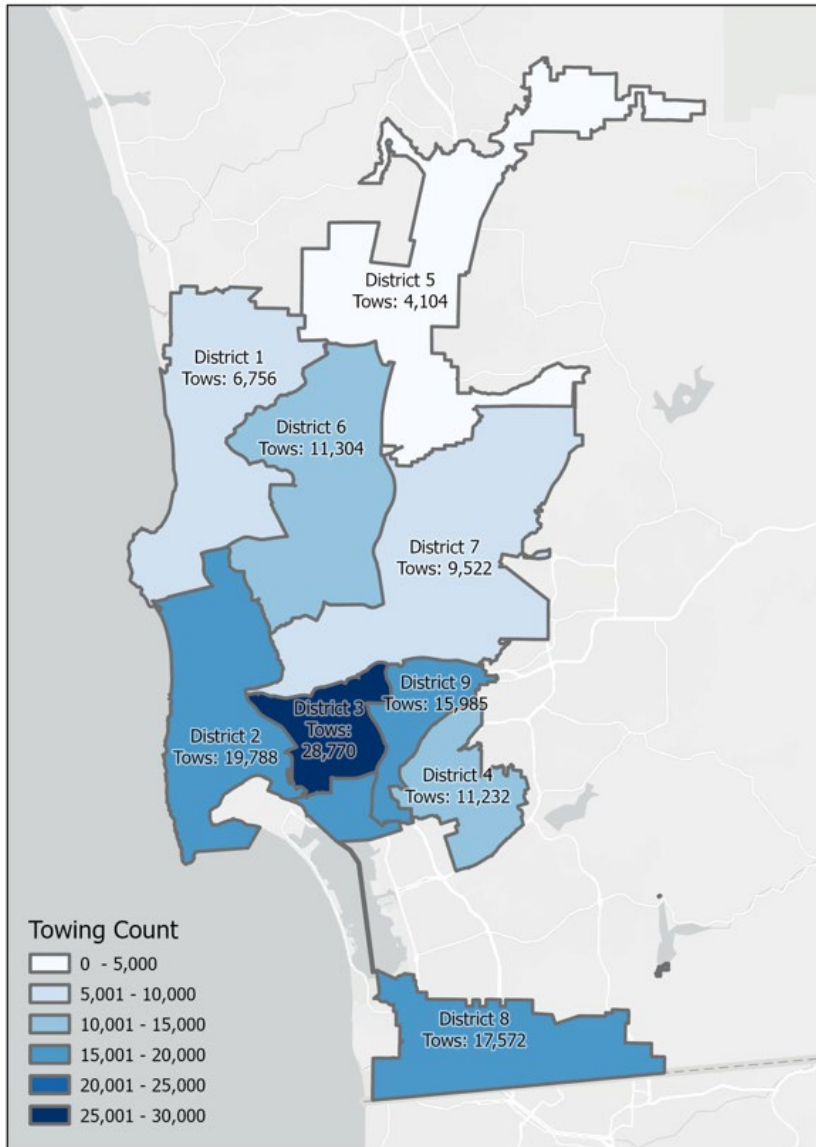
Source: Auditor generated using towing program data provided by SDPD. Data reflects July 1, 2016 to March 20, 2022.

Finally, the number of tows per year by location would provide City leadership with general geographic knowledge of the towing program’s outcomes. For example, **Exhibit 7** shows that most tows occurred in Council Districts 2 and 3 between FY2017 and FY2022. We also found that the top towing reason in Districts 2 and 3 combined were for violations of special event signs, which made up 30 percent or approximately 12,500 of the tows in those districts. Districts 2 and 3 comprise downtown San Diego and several beach areas, which may correlate to the high number of special event tows. This information provides additional context for City leadership to understand the geographical distribution of tows and their reasons. SDPD could

work with the City's Geographic Information System (GIS) team to geolocate the towing points and provide a map to City leadership.⁸

Exhibit 7

Most Tows Occurred in District 2 and District 3 Between FY2017 and FY2022



Note: Only towing points with data able to be geolocated are included. Private tows and City maintenance and transfers between impound lots are excluded. Data reflects July 1, 2016 to March 20, 2022.

Source: EGIS geospatial analysis of geolocated towing events.

⁸ We worked with the City's GIS team to analyze geographical tow data. See the Objectives, Scope, and Methodology section of this report for more detail.

Certain tows have disproportionate impacts on vulnerable residents and should be presented to City leadership.

While towing is a public service, some towing reasons can also disproportionately affect people who are low-income or who are experiencing homelessness. Research shows the following towing reasons, which we refer to as Disproportionate Impact Tows, are often associated with higher towing and impound fees and are more likely to result in a lien sale.⁹ Specifically, they are tows for:

- Five or more unpaid parking citations;
- Expired registration over six months; and
- 72-hour parking violations.

In addition to providing general information on the towing program and overall trends, SDPD should inform City leadership on how the towing program disproportionately affects vulnerable residents. City leadership can use this information to make informed decisions to balance the program's competing goals of enforcement and fairness. Information that appears highly relevant to Council concerns, and which SDPD should strongly consider presenting, includes:

- Number and percentage of Disproportionate Impact Tows;
- Number and percentage of Disproportionate Impact Tows resulting in a lien sale; and
- Percentage of Disproportionate Impact Tows by Council District.

Two of the three Disproportionate Impact Tows are by far the most common towing reasons in the City.

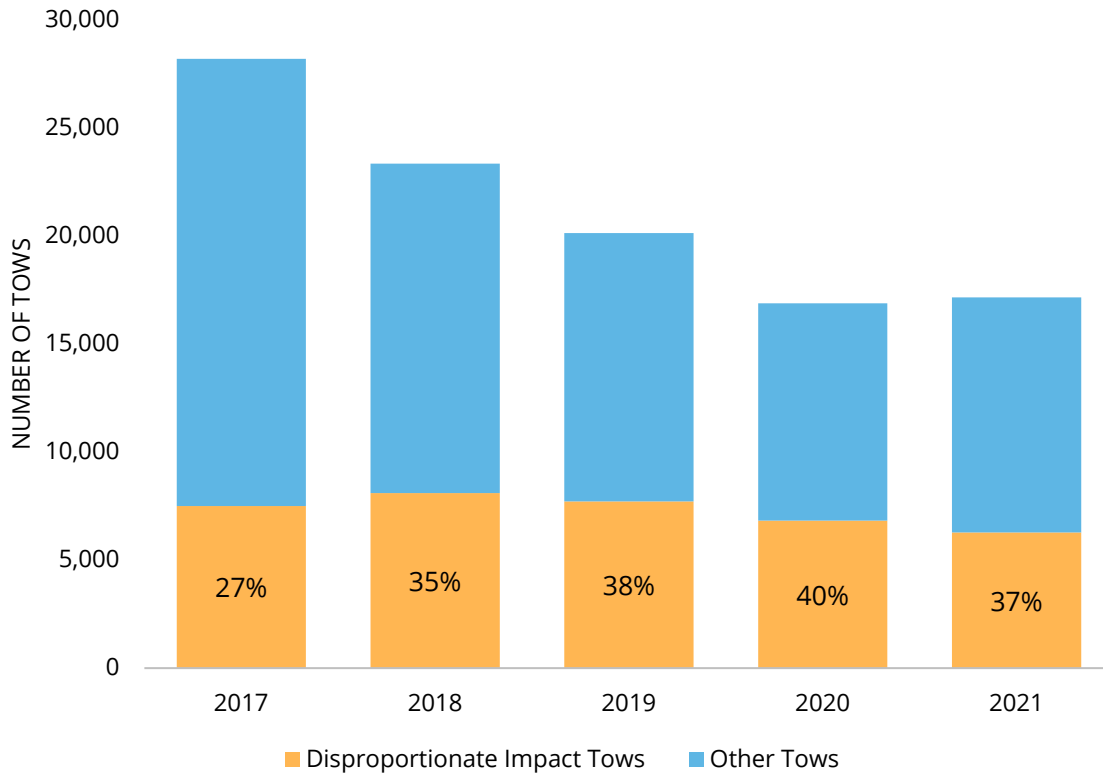
The City's top two towing reasons—expired registration over six months and 72-hour parking violations—are also types of Disproportionate Impact Tows. Knowing the volume of Disproportionate Impact Tows in the City allows policymakers to assess the extent to which towing adversely affects low-income residents. It also allows policymakers to assess the proportion of

⁹ The 2019 study, *Towed into Debt*, is an in-depth collaborative analysis examining towing practices throughout the State of California. The study examines towing practices in the context of local jurisdictions within the State, and details the significant and disproportionate effects that several towing reasons in particular—five or more unpaid parking citations, expired registration over six months, and 72-hour parking violations—can have on people who are low-income or experiencing homelessness. Available at: <https://wclp.org/wp-content/uploads/2019/03/TowedIntoDebt.Report.pdf>

Disproportionate Impact Tows relative to other tows in the City. For example, **Exhibit 8** shows that the number of Disproportionate Impact Tows has remained relatively steady, even as the overall number of tows has declined in the City since FY2017.

Exhibit 8

The Number of Disproportionate Impact Tows Has Remained Relatively Steady Since FY2018 Even as the Number of Overall Tows Has Decreased



Note: Disproportionate Impact Tows are tows for five or more unpaid citations, expired registration over six months, and 72-hour parking violations. Private tows and tows of City vehicles for maintenance or transfer between impound lots are excluded from the Other Tows category. Data reflects July 1, 2016 to March 20, 2022.

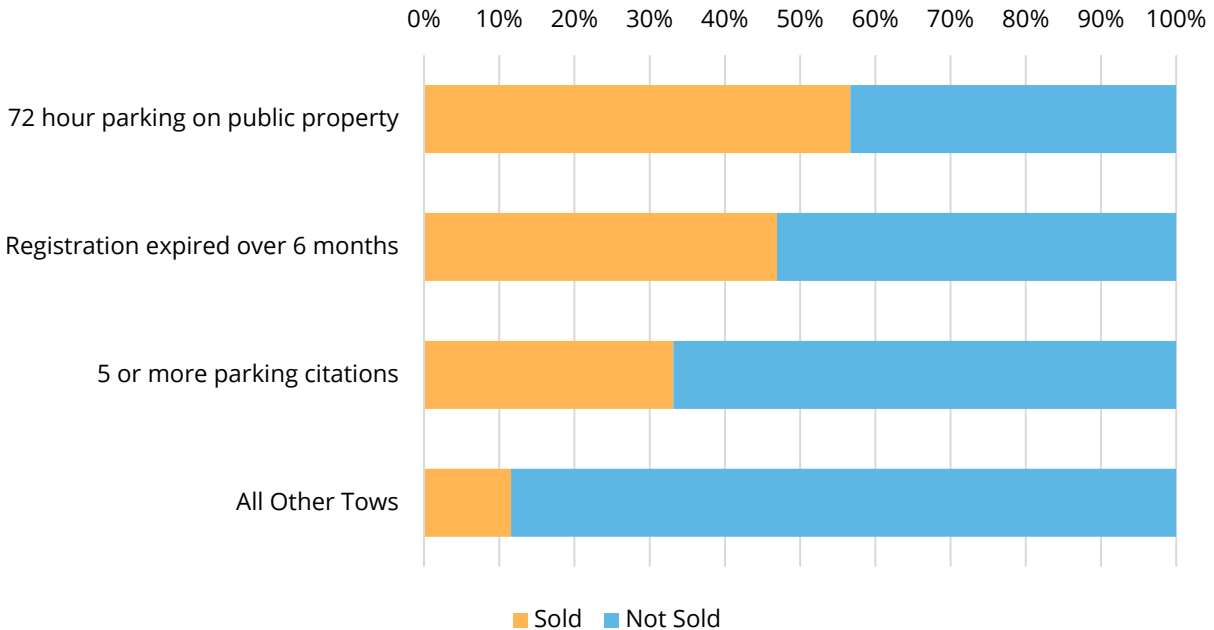
Source: Auditor generated based on towing data provided by SDPD.

Disproportionate Impact Tows are much more likely to result in a lien sale.

While only 12 percent of non-Disproportionate Impact Tows result in a lien sale, Disproportionate Impact Tows are approximately 3-5 times more likely to result in a lien sale, as shown in **Exhibit 9**.¹⁰

Exhibit 9

Disproportionate Impact Tows Were About 3 to 5 Times More Likely to Result in Lien Sales Than All Other Tows



Note: Disproportionate Impact Tows are tows for five or more unpaid citations, expired registration over six months, and 72-hour parking violations. Private tows and tows of City vehicles for maintenance or transfer between impound lots are excluded. Data reflects July 1, 2016 to March 20, 2022.

Source: Auditor generated based on towing data provided by SDPD.

The percentage of Disproportionate Impact Tows varies by Council District.

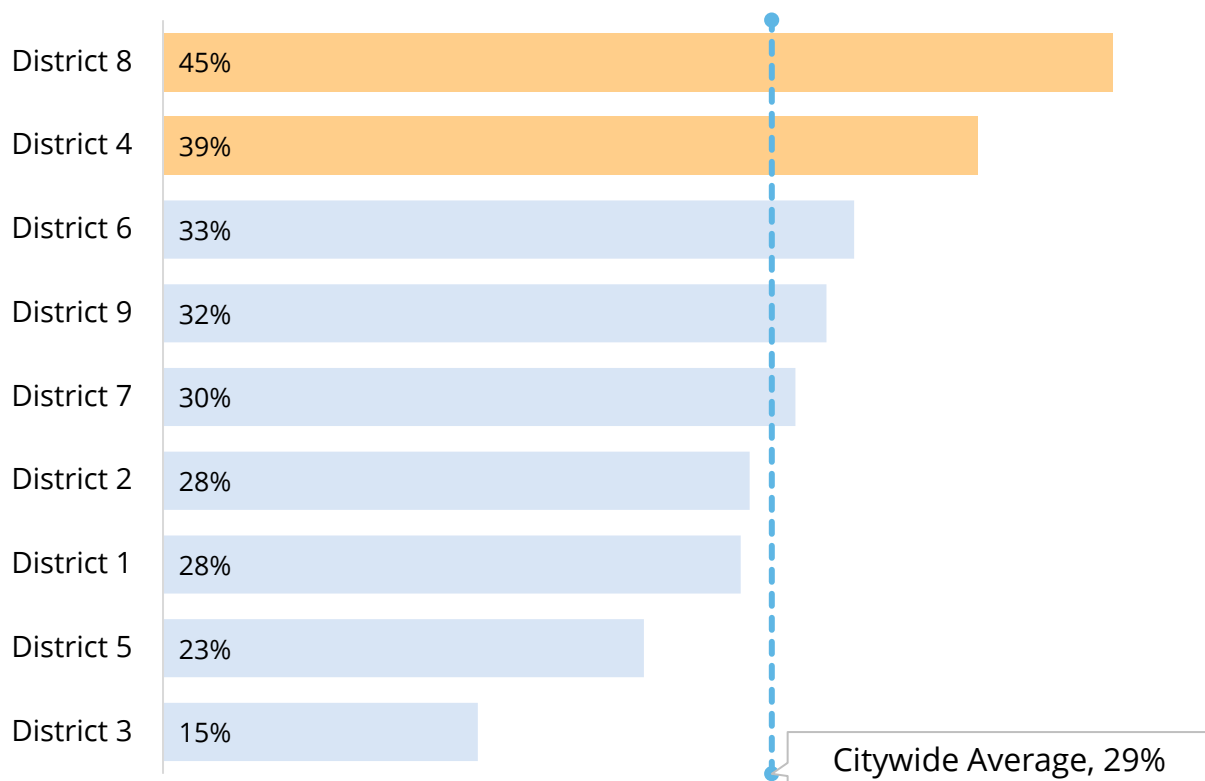
Reporting on the percentage of Disproportionate Impact Tows by Council District can serve as a useful monitoring tool for decisionmakers on how tow policies and practices impact various communities across the City. For example, we found that, for the past five years, Districts 4 and 8 had a substantially higher percentage of Disproportionate Impact Tows than the

¹⁰ By law, impound providers are paid first from lien sales to recover their costs, and then the State and City can recover any fees remaining.

Citywide average of 29 percent, as shown in **Exhibit 10**. These Council Districts also correspond with two of the three lowest median household incomes per Council District. In 2020, District 8 had the second lowest median household income of just over \$50,000, while District 4 had the third lowest of approximately \$57,000. Comparatively, District 6 had a median household income of about \$75,000 and District 5 had a median household income of \$105,000.

Exhibit 10

Districts 4 and 8 Had a Substantially Higher Percentage of Disproportionate Impact Tows Than the Citywide Average (FY2017–FY2021)



Note: Disproportionate Impact Tows are tows for five or more unpaid citations, unpaid registration over six months, and 72-hour parking violations. Private tows and tows of City vehicles for maintenance or transfer between impound lots are excluded. Data reflects July 1, 2016 to March 20, 2022.

Source: Auditor generated based on towing data provided by SDPD and geospatial analysis conducted by the City's EGIS team.

City policymakers should be informed of the towing program's fiscal impacts on the City and its residents.

SDPD has not made required reports to the City Council on the program in almost a decade. At the City's FY2022 user fee meeting, City Council expressed concern over the program's fiscal impacts, as well as the impacts the towing program has on low-income people. As a result, City Council decided to postpone approval of the program's fee increases until it received more information on program operations. According to figures provided by SDPD, this has resulted in a program subsidization of approximately \$1 million in foregone administrative revenue for FY2023.¹¹ Had the City Council known more about the program's operations, it may have approved the proposed fee increases and/or considered other policy changes, such as implementing reduced or waived fees for low-income vehicle owners.

SDPD should capture total program costs and inform City leadership of the true cost of subsidizing the towing program.

SDPD presents user fees for the towing program with an intended cost recovery target. However, these fees appear to only capture personnel, labor, and some administrative costs for the personnel who administer the program. We found that SDPD does not appear to capture the towing program's full costs—for example, by including additional lost revenues after a vehicle is lien sold. SDPD has neither historically reported nor calculated this information and did not present it in its 2013 update to City Council.

SDPD should present the total costs of the towing program so policymakers can make informed policy decisions. When SDPD presents the towing program's cost information at the City's user fee meeting, it only presents the anticipated expenses that its administrative fees—cost-recovery fee and franchise fee—are intended to recover. These program costs cover the administrative expenses and labor of the Towing Administration Unit employees and other SDPD personnel who administer the program, as well as some lost revenue due to lien sales. While the user fee update noted a small General Fund subsidy of approximately \$7,285, this amount does not capture the true subsidy of the program. Furthermore, the anticipated program costs presented do not account for other program costs that

¹¹ The subsidized amount is the difference between SDPD's projected revenue based on its proposed administrative fees and estimated tows and the current administrative fees.

affect the program's cost recovery—such as additional lost revenues due to lien sales.

The City subsidizes the towing program's costs.

We found that the City subsidizes the towing program by approximately \$1.5 million, as shown in **Exhibit 11**. Because SDPD only accounts for its labor costs associated with the program, it does not account for the other factors that underlie the true deficit. These factors include other unaccounted program costs, such as lost revenue from cost recovery fees due to lien sales and waived fees for bad tows.

Exhibit 11**Estimated Towing Program Deficit for City-Initiated Tows for FY2023 is \$1.5 Million**

Program Costs	
City User Fee Costs ¹	\$ 4,055,446
Tow Fees Paid to Towing Providers ²	\$ 1,375,335
Dispatch Fees Paid to Dispatch Provider ³	\$ 465,498
Total Program Expenses	\$ 5,896,279
Program Revenues	
Cost-Recovery Fees ⁴	\$ 2,631,298
Tow Fees ⁵	\$ 1,375,335
Dispatch Provider Fees ⁶	\$ 465,498
Total Program Revenues	\$ 4,472,131
Program Loss	
Total Loss for Below-Cost Fees	\$ 1,115,148
Total Loss for Lien Sales	\$ 309,000
Waivers ⁷	\$ 46,100
Total Loss	\$ 1,470,248

Notes:

¹ Includes SDPD's estimated personnel, administrative, and labor costs associated with program operations for FY2023.

² Tow rates are pass-through fees that the City collects from its contracted impound providers and passes on to its contracted towing providers. Tow rates paid to the City's towing providers vary based on the type of vehicle towed (standard, medium, heavy) and the zone from where they are towed—suburban or urban. This cost is based on the rate paid to the towing provider for a standard duty vehicle towed from an urban zone. Thus, the cost here could be higher due to the variance in fees based on the types of tows and zones where the tows occurred, and any costs incurred during the tow.

³ The City's dispatch fee (\$22) is a pass-through fee that the City collects from its contracted impound providers to pay its dispatch provider, AutoReturn, for every tow. The fee is reduced from the City's payment to the contracted towing provider.

⁴ SDPD's anticipated revenue minus the \$309,000 average amount lost in cost-recovery and franchise fees from FY2017–FY2021.

⁵ Tow rates are pass-through fees that the City collects from its contracted impound providers and passes on to its contracted towing providers. See note 2 for the explanation of why tow rates vary.

⁶ The City's dispatch fee (\$22) is a pass-through fee that the City collects from its contracted impound providers to pay its dispatch provider, AutoReturn, for every tow.

⁷ Average amount the City waived in administrative fees from FY2017–FY2021.

Source: Auditor generated based on the towing program's financial information from SDPD and AutoReturn.

The towing program's administrative fees fall far short of covering the towing program's anticipated labor costs. In FY2023, the City will lose approximately \$1.15 million due to the difference between anticipated revenue and expected labor costs (assuming that all fees are paid in full). This will only recover approximately 73 percent of the towing program's labor costs. However, given that the City has lost an average of \$309,000 in unrecovered cost recovery fees from FY2017–FY2021 due to lien sales, the actual recovery rate is closer to approximately 65 percent.

The decline in tows and increased personnel expenses also affect the towing program's level of cost recovery and subsidy because the estimated costs and revenues are predicated on estimated tow volume for the next fiscal year. Between FY2017 and FY2022, the number of tows in the City declined by 39 percent. However, program expenses have increased by 19 percent between FY2019 and FY2023 due to increased salary and pension expenses for SDPD personnel. During this same period, the cost recovery and franchise fees were increased once, in FY2019, by 17 percent and 12 percent, respectively. These factors, coupled with City Council's decline of SDPD's proposed fee increases in FY2023, keep the program operating below cost recovery.

Lien sales are costly to multiple parties.

The City also loses money due to lien sales. With approximately 27 percent of all tows resulting in a lien sale from FY2017–FY2021, the City stands to lose an average of approximately \$309,000 in FY2023.¹² This loss includes the cost-recovery fees owed by the vehicle owner that are not recovered when the lien sale amount falls short of the fees owed.

In fact, as **Exhibit 12** shows, no matter how high the accrued fees are for a vehicle that is sold via lien sale, the City is still out the amount of its cost-recovery fee, while most of the costs incurred by the vehicle owner are due to the impound provider. The total accrued fees include the cost of storage, towing (from which the tow and dispatch fees due to the City are derived), and the City's cost-recovery fee.

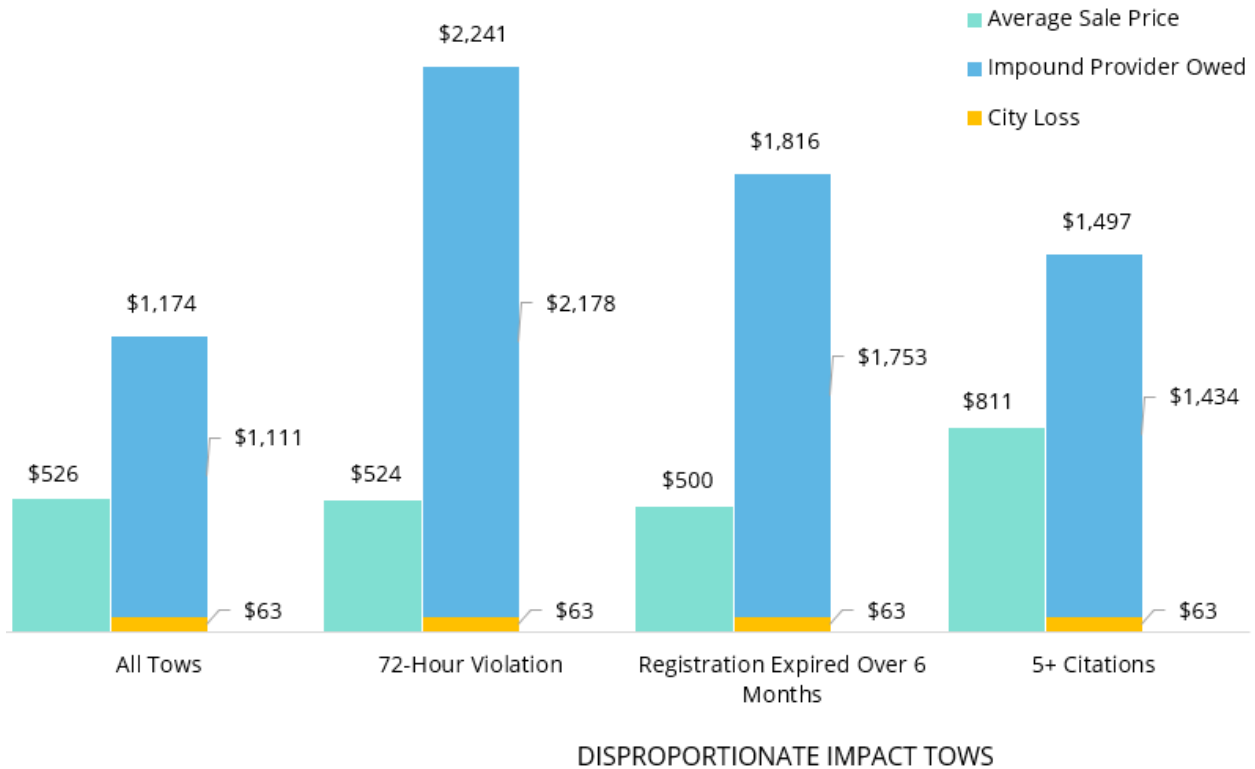
¹² From FY2017–FY2021, SDPD lost an average of \$309,000 in cost-recovery fees.

The situation is particularly worse for the City when lien sales do not recover an excess amount that is enough to reimburse the impound provider and the City for outstanding expenses.¹³ As shown in the exhibit, the average amount of accrued fees (storage, tow, and the City's cost-recovery fee) for all lien sold vehicles is \$1,174, which garners an average sale price of \$526 or only 45 percent of outstanding costs due from the vehicle owner. The City's top two towing reasons—72-hour violations and unpaid registration tows—which are also Disproportionate Impact Tows, most frequently result in a lien sale and the average sale price for these recovers only 25 percent of fees owed. In these cases, the impound provider recovers less than half of its outstanding costs and the City will only recover the franchise, towing, and dispatch fees. The loss to the City may be even greater in cases where the vehicle owner has outstanding parking citations that go unpaid.

¹³ By law, impound providers are paid first from lien sales to recover their costs, and then the State and City can recover any fees remaining.

Exhibit 12

Average Accrued Fees Exceed Average Lien Sale Prices for All Tows and Disproportionate Impact Tows; Fees Owed to the Impound Provider Make Up Most of the Outstanding Costs (FY2017–FY2022)



Notes:

*In this example, the City loses its cost recovery fee, which is usually paid by the vehicle owner to the City (via the impound provider) upon the vehicle's release or by the impound provider if there is an excess amount from the lien sale.

**The total accrued fees include storage and lien fees for the impound provider and the City's costs directly related to the City's towing program. The fees do not include outstanding registration fees and unpaid parking citations that are due to the State and City, respectively. The City's estimated costs shown here are for a basic tow from an urban zone. When a vehicle is lien sold, the City would also likely lose out on any other unpaid fees, such as parking citations.

*** The impound provider pays the City fees for dispatch (\$22), franchise (\$83), and towing (variable) for each vehicle impounded. Impound providers are required to pay these fees for all vehicles impounded, regardless of whether they are sold at a lien sale. In instances of private tows, towing fees are paid by the vehicle owner.

Source: Auditor generated based on data and interviews with AutoReturn, a licensed impound provider, and SDPD.

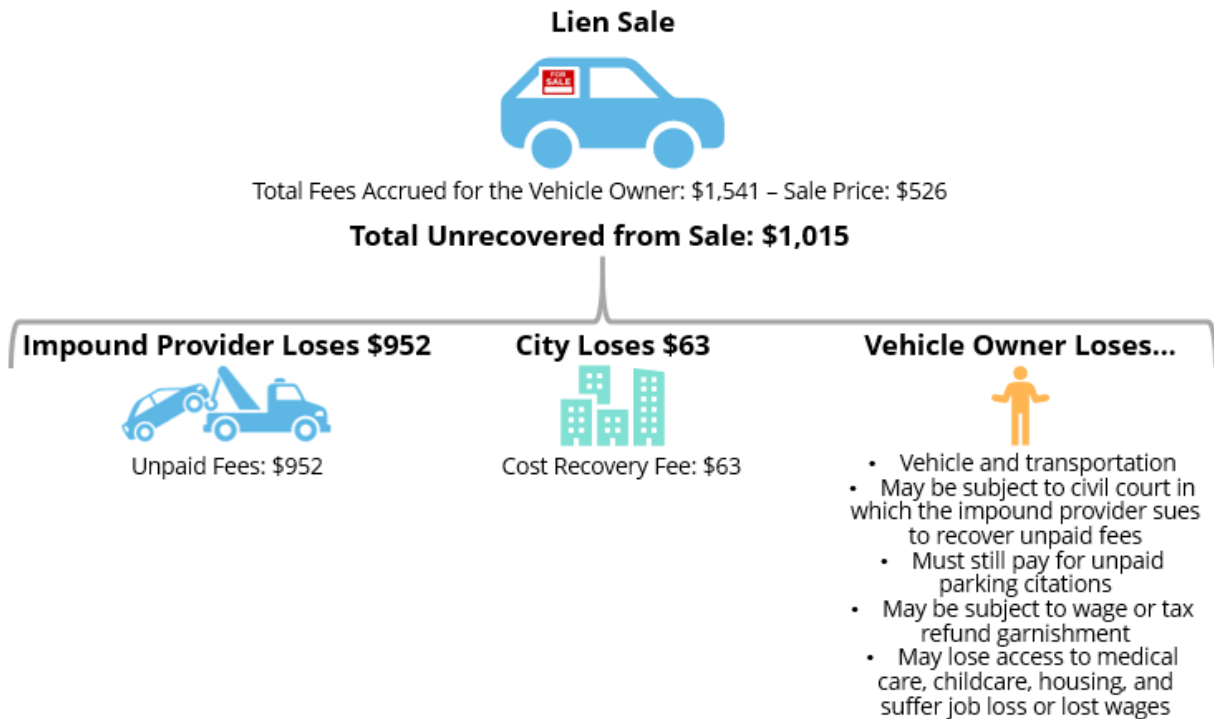
Vehicle owners stand to experience the biggest loss when their vehicle is sold. Not only do they lose their vehicle, but they may also suffer lost wages or employment, missed medical appointments, and for some, the loss of housing. Given that the City's top two towing reasons—72-hour violations and expired registration over six months—which are also Disproportionate Impact Tows, are more likely to result in a lien sale, these towing types may be particularly harmful to the City's vulnerable residents.

A recent federal report states that when faced with a hypothetical expense of \$400, many Americans would pay using a credit card and carry a balance, and a significant number would be unable to pay at all. With the average amount of accrued fees for Disproportionate Impact Tows at almost \$2,000, vehicle owners would be unlikely to afford the expense of getting their vehicles released. According to an interview with an impound company, vehicle owners may also be at risk of being taken to small claims court by the impound provider to recoup outstanding costs. Additionally, vehicle owners with five or more unpaid parking tickets may be subject to wage garnishment or having their tax refunds seized in order to pay for the outstanding tickets and associated late fees.

Exhibit 13 below provides a simple example of lien sales' costly impact to multiple parties. For a vehicle that accrues \$1,541 in fees, the sale price of \$526 only garners 34 percent of outstanding costs. While the impound provider gets the sale amount, it would still not recover its \$952 in remaining outstanding costs, the City would lose \$63, and the vehicle owner would not only lose their means of transportation but may suffer additional hardships as mentioned above.

Exhibit 13

Lien Sales May Result in Costly Impacts to Multiple Parties



Note: This is an example based on 30 days of storage. Based on State law requirements, a vehicle with a value greater than \$500 must be stored for at least 30 days before a sale. This means that impound providers usually incur the expense of 30 days of storage, plus the cost of auctioning the vehicle before a lien sale.

Source: Auditor generated based on interviews with the City's dispatch and licensed impound providers and SDPD, review of SDPD's towing manual and towing data, and *Towed Into Debt*.

It is important that SDPD capture all of its program costs to make day-to-day operational decisions. Furthermore, it is important that SDPD inform City leadership of the program's overall costs. With this information, City leadership can decide how much of the program it wishes to subsidize to offset costs to vehicle owners overall, and take actions, such as reducing the cost-recovery fee, creating a formal subsidy program for vulnerable people, adjusting enforcement of certain towing reasons, and/or implementing other program changes.

Waivers for bad tows, while infrequent, also affect the towing program's level of cost recovery.

Waivers for bad tows and other circumstances also factor into the towing program's level of cost recovery. As discussed later in this finding, the Tow Administration Unit will waive fees typically when it is determined that a tow was completed in error. According to SDPD, the vast amount of the waiver cost stems from the City paying for towing fees related to impounded vehicles that belong to victims of crimes; for example, a victim's vehicle that is impounded for evidence collection reasons or for court purposes due to its involvement in a crime. While waivers are used in less than 1 percent of total tow events each year, the City waived an average of \$46,000 per year from FY2017 to FY2021.

City leadership should also know the full cost of what residents pay when they get their vehicle towed.

Considering that towing and impound fees can rapidly accrue on an impounded vehicle, it is important for City leadership to know how the towing program's towing and impound rates impact residents. SDPD should also present information regarding what residents pay when their vehicles are towed and impounded, as well as how the towing program's rates compare to other jurisdictions.

We found that SDPD regularly benchmarks its towing rates with other local jurisdictions. We confirmed the rates with these local jurisdictions and found that the City of San Diego's rates are the lowest among the jurisdictions, as shown in **Exhibit 14**.

Exhibit 14

SDPD's Towing and Storage Rates are Lowest Among Other California Jurisdictions

	San Diego	Chula Vista	Oceanside	San Jose	San Francisco
Towing Rates	\$178	\$235	\$245	\$250	\$268
Storage Rates	\$41 per day, 1 st day \$5.50 per hour	\$64 per day	\$65 outside, \$70 inside per day	\$100 per day*	First 4 hours free Light Duty: 24 hours after first four: \$58 Every full calendar day after: \$69.50

Note: There may be differences in how these jurisdictions charge and assess fees based on how their towing programs are operationally structured. Figures are provided for the purpose of material comparison and approximation.

*Vehicle weight not specified in San Jose's fee schedule.

Source: Auditor generated based on review of light duty towing and storage rates from the cities of San Diego, Chula Vista, Oceanside, San Jose, and the City and County of San Francisco.

City leadership should evaluate its options and articulate a policy direction on enforcement and fees for the towing program going forward.

The towing program has significant financial, equity, and quality of life implications for the City and its residents. As such, the City may want to balance the competing goals of ensuring public safety, ensuring parking availability is equitable, and mitigating disproportionate impacts on low-income residents. City policymakers can consider changes to the towing program based on alternative models already in place in some California cities to balance the competing goals of the towing program. We benchmarked against other California cities' towing programs to examine alternative models and subsidy programs, as shown in **Exhibit 15**.¹⁵ These models aim to reduce costs and impacts on vehicle owners.

¹⁵ We interviewed the cities of Chula Vista, Oceanside, San Jose, and the City and County of San Francisco.

Exhibit 15

There are Alternative Towing Models that City Policymakers Can Consider to Balance the City's Competing Goals

Towing Model/Policy	Benchmark Jurisdictions that Implemented this Model/Policy
"Text Before Tow"	<ul style="list-style-type: none"> • San Francisco <ul style="list-style-type: none"> ◦ Residents enroll in program to receive a text message if their vehicle is subject to a tow
Fee waiver for extenuating circumstances, often at the discretion of the program director/sergeant	<ul style="list-style-type: none"> • San Diego • Chula Vista <ul style="list-style-type: none"> ◦ Negligent Vehicle Impound fee only* • Oceanside
Halted or reduced enforcement for certain tow reasons	<ul style="list-style-type: none"> • San Diego <ul style="list-style-type: none"> ◦ Halted towing for vehicle habitation during COVID-19 • San Francisco <ul style="list-style-type: none"> ◦ Halted towing for 72-hour violations during COVID-19
Low Income Payment Plan	<ul style="list-style-type: none"> • San Diego <ul style="list-style-type: none"> ◦ Allows low-income residents to pay down their outstanding parking citations and to reduce the burden of accrued charges for late payments
Subsidy for first time tows, low-income residents, and persons experiencing homelessness (PEH)	<ul style="list-style-type: none"> • San Francisco** <ul style="list-style-type: none"> ◦ Reduced administrative fees for individuals whose vehicle is towed for the first time and no administrative fees for individuals who are low-income or PEH ◦ Reduced towing fees for individuals who are low income and a one-time waiver of towing fees for PEH
Storage fee waiver based on time of vehicle retrieval	<ul style="list-style-type: none"> • San Francisco <ul style="list-style-type: none"> ◦ First 4 hours free, 15-day storage waiver for low-income residents and PEH
"Boot" vehicle before tow	<ul style="list-style-type: none"> • San Francisco <ul style="list-style-type: none"> ◦ Vehicle owners have 72 hours from the time the boot is affixed to pay the delinquent citations and penalties and prevent the vehicle from being towed • Reduced boot removal fee for low-income residents and PEH

<p>Charge different rates for different tow reasons (e.g., more expensive administrative fee for criminal offenses)</p>	<ul style="list-style-type: none"> • Oceanside <ul style="list-style-type: none"> ○ Higher administrative fee applies to criminal offenses such as speeding contests, suspended driver's license, etc.
<p>Community Service as Restitution</p>	<ul style="list-style-type: none"> • State of California <ul style="list-style-type: none"> ○ California Penal Code allows a person convicted of an infraction to elect to perform community service in lieu of the total fine that would otherwise be imposed, upon showing that payment of the total fine would impose a hardship on the person or their family.

Notes:

* The Negligent Vehicle Impound fee is the cost-recovery administrative fee for the City of Chula Vista's tow program. However, the fee is only charged for tow reasons due to the actions of the driver or owner. For example, the Negligent Vehicle Impound fee is not charged on a stolen vehicle. The fee can be waived and may include consideration of hardship.

** Some restrictions apply, such as eligibility requirements, including proof of income and/or presentation of participation in one of the State's entitlement programs (e.g., Women, Infants, and Children program or Medi-Cal).

Source: Auditor generated based on benchmarking interviews with the cities of Chula Vista, Oceanside, San Jose, and the City and County of San Francisco and research.

The City and County of San Francisco is the only benchmarked jurisdiction we found with a formal towing subsidy program.

In San Francisco, public discontent over high towing fees resulted in the development of waivers for first-time tows, low-income and unhoused residents, and tows for evidence of crimes or stolen vehicles. The San Francisco Municipal Transportation Agency (SFMTA) manages the towing program and conducts more than 40,000 tows per year at a higher cost to vehicle owners than in San Diego. SFMTA works with its City and County Treasurer's Financial Justice Project to determine policy measures that allow reprieves for those who cannot afford to pay their fines and fees.

SFMTA's waiver program includes reduced administrative fees for first-time tows (i.e., individuals whose vehicle is towed for the first time) and no fees for individuals who are low-income or who are experiencing homelessness.¹⁶ For example, repeat tows

¹⁶ Some restrictions apply such as eligibility requirements, including proof of income and/or presentation of participation in one of the State's entitlement programs (e.g., Women, Infants, and Children program or Medi-Cal).

are 18 percent more expensive than first time tows. SFMTA also offers up to 15 days of storage waivers for low-income and persons experiencing homelessness, the first 4 hours of storage free for everyone, and a reduced storage fee for the first 24 hours a vehicle is impounded. The City and County of San Francisco also may “boot” vehicles with five or more delinquent parking citations. However, the fee to remove the “boot” is reduced by 85 percent for low-income residents and is waived one-time for persons experiencing homelessness. In total, SFMTA subsidizes about \$4.5 million in waivers for low-income and unhoused residents and first-time tows in addition to its \$28 million program costs, while program fees and costs continue to increase.

SFMTA also operates a “Text Before Tow” program that is provided as a courtesy for residents who sign up for the service. Users get a text message when their vehicle is in violation and at risk of being towed for 72-hour parking violations, blocked driveways, construction zone parking, and temporary no parking for special events and moving trucks.

City decisionmakers must also consider the potential adverse impacts of alternative towing models.

When considering policy options, it is important to note the impacts these models may have in terms of safety, the environment, and other factors. For example, some of the benchmarked cities expressed caution with creating subsidy programs or waivers. SFMTA, for instance, noted that its towing program’s high costs combined with its waiver and fee reduction programs contribute to the program’s underfunding. In addition, the use of booting as an alternative enforcement policy may not be appropriate for some types of potential towing reasons, such as 72-hour violations.¹⁷ According to SDPD, the City has not utilized booting in many years, and if the City were to use booting, there may be extra costs to the City as well as potential liability of damaging vehicles.

Halting enforcement of certain towing reasons can have other impacts. In San Francisco, according to SFMTA, public complaints increased when it stopped towing for 72-hour parking violations and abandoned vehicles during the COVID-19 pandemic.

¹⁷ According to SDPD, 72-hour violations that are booted may remain on the street and would not mitigate the concern of a car filling a parking spot for longer than 72 hours.

Similarly, SDPD stated that reduced enforcement of some parking violations, such as towing for vehicle habitation or 72-hour violations, can affect public safety. For example, SDPD stated that reduced enforcement of 72-hour violations, which are more likely to be abandoned vehicles, increases biohazards, such as trash and hazardous waste. Finally, when enforcement is stopped, the lack of an accountability mechanism can result in more people committing parking violations. For example, one city we benchmarked against shared that when California changed legislation to allow a licensed driver to pick up a car driven by an unlicensed driver instead of towing the vehicle, officers reported more citations and more experiences with unlicensed drivers.

Policy decisions regarding potential alternative models should be publicly presented along with expected and observed impacts to residents and the City.

To evaluate policy impacts and alternative towing program models, City leadership must be aware of current programs to assist vehicle owners, and any policy changes with potential or observed impacts. Therefore, SDPD should report to City Council on:

- The number of waivers given each year, including reasons; and
- The information on policy alternatives from stakeholders' input as described in Recommendation 3.

SDPD occasionally waives towing fees and has halted enforcement of certain towing reasons, but does not report these occurrences to City Council.

Waivers to vehicle owners for towing fees are primarily given for bad tows following a post-storage hearing; however, SDPD can also offer a full or partial towing fee waiver to vehicle owners facing extenuating circumstances at the discretion of the Tow Administration Unit sergeant. According to SDPD, there have been approximately five cases in one and a half years in which citizens have requested reduced fees due to their personal circumstances. While SDPD tracks waivers in AutoReturn, it does not formally track when waivers are given in extenuating circumstances. SDPD also does not report to City leadership or the public on how, when, and how often these waivers are given. Should City leadership decide to create a formal subsidy program, SDPD would require the availability of a subsidized waiver budget to pay fees for citizens. As such, the number of waivers for extenuating circumstances given each year and the

reasons for waiving fees should be presented to the public as an internal control for the use of this subsidy tool.

In April 2020, SDPD halted enforcement of towing for certain offenses of any vehicles with obvious signs that the vehicle was being used for habitation. As a result, towing decreased in FY2020, and according to SDPD, the temporary halt of enforcement led to people taking advantage of the situation and accruing numerous parking tickets. This context may help Councilmembers in their own policymaking, when interacting with residents of their districts, and in evaluating the towing program. Thus, SDPD should present information about enforcement changes as well as any impacts observed to the community and environment as a result of the policy change.

To address the issues outlined above, we recommend:

Recommendation 1

The San Diego Police Department (SDPD) should present a report to the Public Safety and Livable Neighborhoods Committee and/or City Council periodically on the towing program's operations. The frequency of the report should be prior to each of the City's comprehensive user fee studies (currently conducted every 3 years), as well as prior to issuing or renewing a request for proposal for relevant towing and/or impound contracts. Based on City leadership's input and City Council's approval of the revised Council Policy in Recommendation 2, SDPD's periodic report should include all the following reporting elements and any others that SDPD deems as essential:

- a. Program overview to include Tow Administration Unit activities, such as training, inspections conducted, and operational changes or upgrades.
- b. Reporting of key program status and statistics:
 - i. Total number of tows and vehicles sold via lien sales, broken out by tow reason;
 - ii. Response times for licensed tow providers;

- iii. Number of vehicles towed/impounded by location per year;
 - iv. Number of Get It Done requests for 72-hour parking violations;
 - v. Time between vehicle impound and disposition;
 - vi. Number of waivers given, including reasons; and
 - vii. Number of post-storage hearing reversals (i.e., bad tows).
- c. Financial overview and impact to the City and residents:
- i. Total line-item costs for City labor, towing costs (fees paid to towing providers), dispatch costs, and any other pertinent costs;
 - ii. Total line-item revenues of the program; if revenues are less than costs, include the reason(s) why—e.g., low fees and lien sale losses;
 - iii. Cost recovery percentage and General Fund subsidy due to unrecovered fees and waivers;
 - iv. Average fees accrued;
 - v. Average lien sale price; and
 - vi. Benchmarked user fees and tow rates.

The San Diego Police Department should also present the results of this audit report to the Public Safety and Livable Neighborhoods Committee prior to FY2024 RFP issuance.

(Priority 2)

Recommendation 2

Prior to presentation of the next towing program update, the San Diego Police Department (SDPD) should work with City leadership to present a new or updated Council Policy 500-03 for City Council's approval.

The revised Council Policy should codify the frequency of presenting the report, and provide specific guidance regarding information that should be contained in the report.

The Council Policy should require that all of the information listed in Recommendation 1 be included in the periodic report, in addition to any other information that SDPD believes is essential. If SDPD determines any of the information listed in Recommendation 1 should not be required by the Council Policy, the staff report and presentation for the proposed Council Policy should include an explanation of why SDPD has determined the information is unnecessary or infeasible to provide.

(Priority 2)

Recommendation 3

As the primary department administering the City's towing program, the San Diego Police Department (SDPD) should solicit, compile, and report information to City Council on potential policy options for the towing program. SDPD should solicit, compile, and report information from stakeholder departments, which may include, for example, information on:

- a. Alternative fee models, fee forgiveness options, and/or income-based payment plan options (City Treasurer's Office);
- b. Policy options to mitigate potential impacts on residents or segments of resident populations (Homelessness Strategies and Solutions; Office of Race and Equity);
- c. Legal considerations associated with policy options (Office of the City Attorney);
- d. Potential changes to towing and impound provider contracts (Purchasing and Contracting); and
- e. Enforcement considerations associated with policy options including options for increasing enforcement based on complaint trends, safety considerations, or other factors, as well as enforcement alternatives to towing (SDPD).

SDPD should incorporate the input from stakeholder departments in future towing program updates to City Council, consistent with the reporting frequency set forth in Recommendation 1.

(Priority 2)

Finding 2: Internal oversight of the towing program is strong and SDPD should continue to conduct performance evaluations in compliance with the City's contract guide.

The City's towing program has strong internal controls to protect residents, the City, and its towing and impound contractors.

We found that the City of San Diego's (City's) towing program, administered by the San Diego Police Department (SDPD), has strong internal controls. Specifically, we found that the City's towing contracts contain protections for residents, the City, and its towing and impound contractors. For example, the City sets its own rates in the contracts for what its contractors can charge for City-initiated tows and impounds, including the cost of a standard tow, daily storage rate, and extras such as a flat-bed fee. This provides uniformity in the City's rates and protects vehicle owners from receiving different rates should their vehicle be towed and impounded from/in different parts of the City by City contractors.

We also found that tow and impound providers are allowed to petition the City for changes in towing and impound rates 60 days prior to contract renewal. While the petition must be backed by evidence, this provision provides fairness to the contractors because they have a designated route with which to appeal the contract's rate provisions.

AutoReturn accurately tracks and calculates towing fees, allowing SDPD to monitor and evaluate contractors.

The City's third-party vendor for data management and dispatching, AutoReturn, allows for timely monitoring of the contracted tow and impound providers. We found that AutoReturn accurately tracks and calculates towing fees. AutoReturn automatically assigns and calculates the appropriate towing and impound rates based on what the tow and impound provider enters into the system at the time of the tow and storage. The City's pre-approved rates and fees are already preloaded into AutoReturn. We verified with AutoReturn that all entries into the system are tracked by username, time, and date and that reverse entries, when necessary, are also tracked and coded with a reason for the reversal.

The City's contract guide states that SDPD should conduct contractor evaluations on a quarterly basis and provide the evaluations to the Purchasing and Contracting Department.

Monitoring and tracking performance is key to assessing program outcomes and ensuring contract compliance. Evaluations make up a critical component of monitoring and allow for SDPD and the City to do the following:

- Assess and address performance concerns or patterns related to one or more contractors;
- Address and prevent larger performance issues from occurring by implementing stronger performance disciplinary actions in future contracts or disbarring bad actors; and
- Ensure quality of customer service and address any customer service or contractor issues.

The City's towing contract adheres to three City documents:

1. City's Contract Administration and Compliance Guide (contract guide);
2. City's General Contract Terms and Provisions; and
3. SDPD's Tow Administration Unit's towing manual.

Collectively, these documents indicate that the Tow Administration Unit is responsible for completing contractor evaluations. The contract guide states that the evaluations should be conducted on a quarterly basis and provided to the Purchasing and Contracting Department and to the contractors. The guide states that the contractors should be evaluated on the service they are responsible for providing, how they are supposed to provide it, and if they met the City's requirements. The evaluations may be considered in evaluating future proposals and bids for contract award.

SDPD has started to conduct contractor evaluations in compliance with the City's requirements and follows best practices.

From FY2019 to FY2022, we found that SDPD had not been conducting contractor evaluations as required by the City's contract guide, effective FY2019. During the course of this audit, in late FY2022, SDPD began conducting the evaluations. At the time of this report in early FY2023, SDPD had completed the first round of written evaluations and had sent them to the Purchasing and Contracting Department for monitoring.

We tested the Tow Administration Unit's contractor evaluations and found the evaluations meet the contract guide's requirements in that contractors are evaluated on the service they are providing and whether they have met the City's requirements. Specifically, SDPD evaluates its contractors based on the performance standards within the towing manual, such as impound response times, tow truck driver requirements, customer service to citizens, and data entry. These standards also align with the listing of best practices from the Office of the City Auditor's 2015 Performance Audit of Citywide Contract Oversight, as shown in **Exhibit 16** below.¹⁸

Exhibit 16

SDPD Adheres to Best Practices for Contract Monitoring in Its New Vendor Performance Monitoring Forms but Did Not Share Vendor Performance Forms with the Purchasing and Contracting Department Until FY2023

SDPD reviews the vendor's performance of the following checked boxes:

Conformance to contract requirements	<input checked="" type="checkbox"/>
Forecasting and controlling costs	<input checked="" type="checkbox"/>
Adherence to schedules, including administration	<input checked="" type="checkbox"/>
Cooperative behavior and commitment to customer satisfaction	<input checked="" type="checkbox"/>
Reporting into databases	<input checked="" type="checkbox"/>
Integrity and business ethics	<input checked="" type="checkbox"/>
Business-like concern for the interest of the customer	<input checked="" type="checkbox"/>
SDPD had not yet:*	
Shared vendor evaluations with Purchasing and Contracting	<input type="checkbox"/>

*Note: It was during the course of this audit in late FY2022 that SDPD began conducting the evaluations. At the time of this report in early FY2023, SDPD had sent the first round of evaluations to the Purchasing and Contracting Department for monitoring.

Source: Auditor generated based on the Office of the City Auditor's 2015 Performance Audit of Citywide Contract Oversight and SDPD's Quarter 1 FY2023 Compliance Evaluations.

¹⁸ https://www.sandiego.gov/sites/default/files/15-016_Citywide_Contract_Oversight.pdf, page 37.

Performance evaluations can help improve vendor performance and may minimize the City's risk of contracting with previously poor-performing vendors in future contract solicitations. Importantly, the Purchasing and Contracting Department and the City's Chief Operating Officer are working on implementing a recommendation from the Office of the City Auditor's 2015 Performance Audit of Citywide Contract Oversight; this recommendation involves the Chief Operating Officer developing policies and procedures for contractor performance evaluations that ensure that past performance is considered prior to issuing or renewing contracts with that contractor.

Recommendation 4

The San Diego Police Department should continue to conduct quarterly performance evaluations for its licensed towing and impound contractors and submit these forms to the Purchasing and Contracting Department for monitoring.

(Priority 2)

Appendix A: Definition of Audit Recommendation Priorities

DEFINITIONS OF PRIORITY 1, 2, AND 3

AUDIT RECOMMENDATIONS

The Office of the City Auditor maintains a priority classification scheme for audit recommendations based on the importance of each recommendation to the City, as described in the table below. While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration's responsibility to establish a target date to implement each recommendation taking into consideration its priority. The City Auditor requests that target dates be included in the Administration's official response to the audit findings and recommendations.

Priority Class ¹⁹	Description
1	Fraud or serious violations are being committed. Significant fiscal and/or equivalent non-fiscal losses are occurring. Costly and/or detrimental operational inefficiencies are taking place. A significant internal control weakness has been identified.
2	The potential for incurring significant fiscal and/or equivalent non-fiscal losses exists. The potential for costly and/or detrimental operational inefficiencies exists. The potential for strengthening or improving internal controls exists.
3	Operation or administrative process will be improved.

¹⁹ The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher priority.

Appendix B: Objectives, Scope, and Methodology

Objectives In accordance with the Office of the City Auditor's Fiscal Year 2022 Audit Work Plan, we conducted a performance audit of the San Diego Police Department's (SDPD) vehicle towing process. Our objectives were to:

1. Evaluate the financial, equity, and public benefit effects of the City's vehicle towing program, and how those effects may vary under alternative vehicle towing policy and fee models; and
2. Determine the extent to which the City monitors and evaluates contractor performance, in accordance with the City's Contract Compliance Guide, Council Policy 500-03, and the contract.

Scope The scope of this audit involved reviewing the City's towing program's operations from FY2017 to FY2022, which aligns with the start of the last towing contract. Our data assessment for FY2022 was limited because we began the audit late in the third quarter of FY2022 (March 2022) and thus did not have a full fiscal year's worth of data to review. Our scope was limited to review of financial, public safety, and policy impacts of the City's towing program on the City and its residents. It also included a review of the towing program's contractor performance monitoring. Our scope did not include review of the City's contracting process, private tows initiated by residents on private property, contract clauses, or the validity of the towing program's fees.

Objective	Methodology
<p>Evaluate the financial, equity, and public benefit effects of the City's vehicle towing program, and how those effects may vary under alternative vehicle towing policy and fee models.</p>	<ul style="list-style-type: none"> • Interviewed staff at SDPD's Tow Administration Unit, Purchasing and Contracting Department, City Treasurer's Office, and AutoReturn. • Benchmarked with other cities about their towing programs, including City and County of San Francisco's Municipal Transportation Agency, San Jose, Oceanside, and Chula Vista. • Reviewed SDPD's benchmarked fee data and confirmed the fees with SDPD's benchmarked cities via interview or review of their websites. • Analyzed towing data from July 2016 to March 2022 (FY2017–FY2022 midway) provided from AutoReturn via SDPD. • Reviewed and analyzed parking citation data from the City Treasurer's Office for FY2017–FY2022. • Interviewed the City Treasurer's Office's on the low-income payment plan for parking citations. • Conducted data reliability on AutoReturn's lien sale data and on dispatch date and times. • Conducted ride-alongs with some of the City's towing and impound providers. • Collaborated with the City Department of Information Technology's EGIS team for geocoded data of towing data. • Reviewed relevant sections of California State law, the City Charter, and the San Diego Municipal Code regarding parking and towing regulations. • Reviewed relevant towing program policies, procedures, staff reports, Council Policy 500-03, Council resolutions, towing contracts, contract documents, and SDPD's towing manual. • Reviewed audits and reports regarding towing practices in California, including <i>Towed Into Debt</i>, San Jose City Auditor's reports on vehicle towing, a Los Angeles Grand Jury Report on towing and impound

Determine the extent to which the City monitors and evaluates contractor performance, in accordance with the City's Contract Compliance Guide, Council Policy 500-03, and the contract.

practices in select Los Angeles cities, and the California State Auditor's investigation of towing practices in King City, California.

- Interviewed staff at the San Diego Police Department's Tow Administration Unit, Purchasing and Contracting Department, City Treasurer's Office and AutoReturn.
- Conducted ride-alongs with some of the City's towing and impound providers.
- Reviewed relevant towing program policies, procedures, staff reports, Council Policy 500-03, Council resolutions, towing contracts, contract documents, and SDPD's towing manual.
- Reviewed SDPD's vendor compliance/performance reports from AutoReturn.
- Reviewed towing and impound provider contracts for performance measures and best practices.

Data Reliability

We primarily worked with two data sets provided by SDPD: towing data from third-party vendor, AutoReturn, and user fee data regarding program costs. We assessed the reliability of the towing data by performing testing and interviewing SDPD and AutoReturn staff knowledgeable about the data. We tested a random sample of lien sale AutoReturn data against receipts kept by SDPD and found there were no data reliability concerns. Tows are ordered through SDPD's Computer-Aided Dispatch System, which we were shown is integrated with AutoReturn. AutoReturn also tracks each action and change made by any user in its system. As a result, we determined that the data were sufficiently reliable for the purposes of responding to our objectives.

Internal Controls Statement

We limited our review of internal controls to specific controls relevant to our audit objectives, described above. We tested the following controls:

- Oversight and monitoring of the towing program;
- Reporting requirements for SDPD and the City's towing contractors;

- Contractor compliance with the San Diego Municipal Code, City procedures and policies, and California State law;
- Setting procedures for towing rates and administrative fees; and
- Laws and practices to prevent predatory towing.

Compliance Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C: The City of San Diego's Towing Rates and Fees as of FY2022

What is it?	How much is it?	Who pays it?	Who gets the payment?	What is it for?	Who sets the amount?
City's Towing Program Administrative Fees					
Tow Impound Cost-Recovery Fee	\$63	Vehicle Owner	City of San Diego	Recover SDPD's towing program's administrative costs	City Council
Franchise Fee	\$83 per vehicle impounded	Impound Provider	City of San Diego	Recover SDPD's towing program's actual operational expenditures	City Council
Dispatch Fee	\$22 per tow	Towing Provider	AutoReturn	Payment to AutoReturn for towing dispatch services	Set by Contract
Towing & Impound Fees Paid by Vehicle's Registered Owner					
Tow Fee	\$178 standard/\$190 medium/\$250 large	Vehicle Owner	Towing Provider (\$65 minimum - variable) Dispatch (\$22)	Cost of towing a vehicle	Set by Contract
Storage Fee	\$41 standard/\$70 medium/\$100 large	Vehicle Owner	Impound Provider	Cost of storing a vehicle	Set by Contract
Other Fees (if applicable) ²⁰	\$47 flat bed/\$48 after hours gate fee	Vehicle Owner	Impound Provider	Additional costs related to towing and storing a vehicle	Set by Contract

Source: Auditor generated based on review of SDPD's towing program manual.

²⁰ There are other fees that are not listed that include labor charges, etc.



**The City of San Diego
M E M O R A N D U M**

DATE: November 14, 2022

TO: Andy Hanau, City Auditor
via Eric Dargan, Chief Operating Officer

FROM: David Nisleit, Chief of Police

SUBJECT: Management Response to Performance Audit of the City's Towing Program.

The purpose of this memorandum is to provide the Police Department's response to recommendations made by the Office of the City Auditor (OCA) in their Performance Audit of the City's Managed Towing Program.

Recommendation #1:

The San Diego Police Department (SDPD) should present a report to the Public Safety and Livable Neighborhoods Committee and/or City Council periodically on the towing program's operations. The frequency of the report should be prior to each of the City's comprehensive user fee studies (currently conducted every 3 years), as well as prior to issuing or renewing a request for proposal for relevant towing and/or impound contracts. Based on City leadership's input and City Council's approval of the revised Council Policy in Recommendation 2, SDPD's periodic report should include all the following reporting elements and any others that SDPD deems as essential:

- a. Program overview to include Tow Administration Unit activities, such as training, inspections conducted, and operational changes or upgrades.
- b. Reporting of key program status and statistics:
 - i. Total number of tows and vehicles sold via lien sales, broken out by tow reason;
 - ii. Response times for licensed tow providers;
 - iii. Number of vehicles towed/impounded by location per year;
 - iv. Number of Get It Done requests for 72-hour parking violations;
 - v. Time between vehicle impound and disposition;
 - vi. Number of waivers given, including reason; and
 - vii. Number of post-storage hearing reversals (i.e., bad tows).
- c. Financial overview and impact to the City and residents:

- i. Total line-item costs for City labor, towing costs (fees paid to towing providers), dispatch costs, and any other pertinent costs;
- ii. Total line-item revenues of the program; if revenues are less than costs, include the reason(s) why—e.g. low fees and lien sale losses;
- iii. Cost recovery percentage and General Fund subsidy due to unrecovered fees and waivers;
- iv. Average fees accrued;
- v. Average lien sale price; and
- vi. Benchmarked user fees and tow rates.

The San Diego Police Department should also present the results of this audit report to the Public Safety and Livable Neighborhoods Committee prior to FY2024 RFP issuance.

Management Response: Agree

The Police Department has presented reports to the Public Safety and Livable Neighborhoods (PS&LN) Committee and City Council related to the Towing Program. Although the last report was in 2013, the Towing Administration Program has presented related tow matters to PS&LN in 2017 and 2019. In addition to the ongoing progress in enforcement activities of the Tow Administration Program, the Police Department will report to PS&LN and Council, at least every three years, the program status and statistics, financial overview and impact to the City and residents, data from the Get It Done requests, and number of waivers approved. Additionally, we will gladly present the results of this audit report to PS&LN prior to issuing the FY2024 RFP.

Target Implementation Date: July 2023

Recommendation #2:

Prior to presentation of the next towing program update, the San Diego Police Department (SDPD) should work with City leadership to present a new or updated Council Policy 500-03 for City Council's approval.

The revised Council Policy should codify the frequency of presenting the report, and provide specific guidance regarding information that should be contained in the report.

The Council Policy should require that all of the information listed in Recommendation 1 be included in the periodic report, in addition to any other information that SDPD believes is essential. If SDPD determines any of the information listed in Recommendation 1 should not be required by the Council Policy, the staff report and presentation for the proposed Council Policy should include an explanation of why SDPD has determined the information is unnecessary or infeasible to provide.

Management Response: Agree

The Police Department will work with City leadership in an effort to identify problems and respond in a coordinated fashion, and to present a new or updated Council Policy 500-03 for City Council approval. The Police Department recommends the frequency of presenting the report to City Council every three years consistent with the frequency of the Prop 26 user fee policy report and presentation. In response to recommendation 1 and 2, the report will include the periodic report statistics, financial overview and impact to the City and residents, data from the Get It Done requests, and number of waivers approved. The Police Department will work with City Council to provide any other information that could assist in evaluating towing trends.

Target Implementation Date: July 2023

Recommendation #3:

As the primary department administering the City's towing program, the San Diego Police Department (SDPD) should solicit, compile, and report information to City Council on potential policy options for the towing program. SDPD should solicit, compile, and report information from stakeholder departments, which may include, for example, information on:

- a. Alternative fee models, fee forgiveness options, and/or income-based payment plan options (City Treasurer's Office);
- b. Policy options to mitigate potential impacts on residents or segments of resident populations (Homelessness Strategies and Solutions; Office of Race and Equity);
- c. Legal considerations associated with policy options (Office of the City Attorney);
- d. Potential changes to towing and impound provider contracts (Purchasing and Contracting); and
- e. Enforcement considerations associated with policy options including options for increasing enforcement based on complaint trends, safety considerations, or other factors, as well as enforcement alternatives to towing (SDPD).

SDPD should incorporate the input from stakeholder in future towing program updates to City Council, consistent with the reporting frequency set forth in Recommendation 1.

Management Response: Disagree

The Police Department recognizes the City's concerns about balancing its interests of enforcement with mitigating disproportionate impacts of towing on low income individuals, and will work with City leadership in an effort to identify problems and assist in the City's policy decisions for the Tow Administration Program. Under the guidance of the City Council,

the Police Department will explore any adjustments to the program, consistent with state law, and maximize the effectiveness of the Tow Managed Program.

Recommendation #4:

The San Diego Police Department should continue to conduct quarterly performance evaluations for its licensed tow and impound contractors and submit these forms to the Purchasing and Contracting Department for monitoring.

Management Response: Agree

The Police Department has an established process to conduct quarterly performance evaluations for its licensed tow and impound providers. The Police Department conducts an ongoing review of the tow providers on a quarterly basis; however, the quarterly performance evaluations were temporarily suspended during COVID-19, and was reinstated this year. As part of the process, the first and second quarter performance evaluations were submitted to the Purchasing and Contracting Department. We will continue to follow this process to ensure that quarterly performance evaluations are conducted striving to provide excellent service to the people of the City of San Diego.

Target Implementation Date: Implemented.

I appreciate the opportunity to provide feedback on this performance audit.

Respectfully,

A handwritten signature in black ink, appearing to read 'D Nisleit', with a long horizontal flourish extending to the right.

David Nisleit
Chief of Police
DN/tc



THE CITY OF SAN DIEGO

DATE: November 14, 2022

TO: Honorable Members of the City Council and Audit Committee

FROM: Andy Hanau, City Auditor

SUBJECT: **City Auditor Comments to the Management Response**

The Office of the City Auditor (OCA) appreciates the San Diego Police Department's (SDPD's) responses to the recommendations set forth in our Performance Audit of the City's Towing Program. We are pleased to note that SDPD agreed with three recommendations to propose clarifying revisions to the applicable City Council policy, provide key program metrics to City Council on a regular basis, and continue oversight of the City's tow services providers.

However, SDPD disagreed with our recommendation to solicit input from key City stakeholder departments and offices with the intent of providing policymakers and the public with policy alternatives for the towing program. As noted throughout our report, the manner in which local governments administer towing programs, which is driven by municipal policies, can have significant quality of life, equity, and financial impacts on residents and the City. Moreover, negative impacts can be more severe for certain vulnerable populations.

Our audit identifies numerous impacts associated with the City's towing program, which had never been reported in at least 9 years, if at all. Further, we found examples of different tow practices and policies from other cities that may help the City balance its financial, enforcement, and equity interests. Accordingly, we maintain that SDPD, as the administering department for the City's towing program, should coordinate with City stakeholder departments to provide the City Council with various policy options, such as analysis of alternatives for fee waivers or low-income fee reductions, and alternative enforcement options such as booting. Our report highlights various towing policies and practices used in other California cities on pages 26–30.



With respect to policy alternatives for the City's towing program, it is important to note that under the City's Mayor-Council form of government and Charter Section 265, a key responsibility of Mayoral departments is to provide information and policy recommendations for Council to consider. Because policy modifications can potentially benefit the public, OCA strongly encourages that City Council request such information (as set forth in Recommendation #3 in our report) from the Administration in order to inform the solicitation process for towing contracts that are nearing expiration, and to explore any policy alternatives Council may wish to consider.

In closing, we thank SDPD for their cooperation and professionalism throughout this audit. We will work with SDPD to verify implementation of the recommendations to which they agreed, and are happy to assist City Council with determining any additional information you would like to request from the Administration on towing policy alternatives.

Respectfully submitted,



Andy Hanau
City Auditor

cc: Honorable Mayor Todd R. Gloria
Eric K. Dargan, Chief Operating Officer
David Nisleit, Chief of Police
Charles Modica, Independent Budget Analyst