

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 27, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 90 : VEHICLE IMPOUND OPERATIONAL COST IN COMPARISON TO REVENUES

This budget memo request is in response to Mayor Euille's question: Are impound lot operations adequately funded by towing and impound fees? This brief answer is yes. Revenues from the towing charge, service charge, and the storage charge help offset the direct cost of the impound lot operations. Also, approximately twenty percent of the cars towed are auctioned off, and these revenues offset indirect costs.

The City's current towing and impounding fees are \$100 per tow for towing, a \$70 service charge, and \$30 per day for storage. The FY 2011 Proposed Budget includes a towing fee increase of \$25 to \$125, a service charge increase of \$10 to \$80, and a daily storage fee increase of \$10 to \$40. It is estimated that an additional \$75,925 in revenue will be raised by increasing these fees. The towing fee and service charge were last increased as part of the FY 2009 budget. Virginia Code 46.2-1217 allows local governing bodies to regulate towing and set fees.

Below is the actual cost associated with the operation towing and the impound lot. In addition to the direct cost of running this operation, other city departments have indirect cost associated with the Towing and Impound Lot operations. Below are the revenues and direct expenditures for the actual vehicle impoundment activity for FY 2009 and FY 2010.

FY 2009 Vehicle Impoundment Activity

Expenditures	\$401,784
Revenues	\$483,665 Towing fees, service charges, and storage fees

FY 2010 Vehicle Impoundment Activity (YTD)

Expenditures	\$290,732
Revenues	\$314,959 Towing fees, service charges, and storage fees

Direct costs associated with direct impound lot operations include salary and benefits for 3.45 FTEs, including 3 full-time impound lot employees and 15% of 3 management and administrative positions in the T&ES Transportation division totaling approximately \$220,000. Non-personnel costs include the towing contract (\$90,000) that charges a flat rate per month for tows, and utility costs associated with operating the impound lot (\$23,650).

Indirect costs associated with the impound lot but not included in its direct costs include the management and financial, human resource, information technology, and procurement support provided by the Administrative Division of T&ES and internal services provided by other City departments such as the City Manager's Office, Finance, General Services, ITS, the City Attorney's Office, Internal Audit, Human Resources, and the Office of Management and Budget. The auctioning off these cars provides sufficient revenue for the indirect costs associated with impound lot operations (\$97,648 in FY 2009 and \$108,677 in FY 2010 to date).