



Texas Private Property Towing Rates

Presentation to the
Towing, Storage and Booting
Advisory Board
May 19, 2010



Overview

- HB 2571 requires:
 - 1. Private property fees to be established
 - 2. Contracting for a study
 - Morningside Research and Consulting conducted the study
 - Travis Wolff conducted the cost analysis component
- 3950 licensed towing companies in Texas
- 2100 have a license that allows private property towing

Study Components

- Cost analysis
- Towing ticket analysis
- Fee schedule analysis
- Review of Texas municipal rate studies
- Towing company input through focus groups and written comments
- Interviews with property owner representatives

Cost Analysis

- 66 responses from towing companies, 42 had sufficient data for analysis.
- Direct costs related to tows were included in the analysis.
- Sample not valid for weight distinctions or for geographic distinctions.
- Profit margin of 9 percent included in the rate.

Cost Analysis

- FY 2008 financial data resulted in a rate of \$141.39.
- Includes all weight classes across all geographic regions.
- Applying the annual inflation adjustment results in a 2009 rate of \$148.76.
- Regional adjustments are based on COLA.
- An annual inflation adjustment considers labor costs and fuel/depreciation/maintenance.

Towing Ticket Analysis

- 173 towing companies were selected to have private property towing tickets reviewed.
- 68 of those companies conduct private property tows
- An estimated 40% of all towing companies licensed for private property tows actually conduct private property tows.
- Highest average charges are in rural west Texas

Towing Ticket Analysis

- 382 private property towing tickets from 68 towing companies were reviewed.
- Average light-duty towing charge on those tickets is \$122.30.
- Just under 1/3 of towing tickets contain 159 charges other than the towing fee.
- Those other charges add an average of \$43.38 to the total charge on the tickets.

Heavy-Duty Towing Tickets

- Additional analysis needed for heavy-duty
- 100 towing companies were contacted by letter and telephone.
- 8 companies provided 55 towing tickets.
- Average towing charge is \$461.21.
- About 1/3 contain charges other than the towing charge.
- The additional charges average \$97.26.

Fee Schedule Analysis

- As expected, average private property rates and non-consent rates are generally higher on fee schedules than on towing tickets.
- Fee schedules contain a considerable number of charges other than the tow fee, many of which do not apply to private property and/or light duty tows.

Recommended Flat Rates

Recommended Towing Fees by Zone

Zone	Light Duty	Light Duty Rural	Medium Duty	Medium Duty Rural	Heavy Duty	Heavy Duty Rural
Zone 1 - South Texas	\$130	\$142	\$149	\$163	\$458	\$499
Zone 2 - West Texas	\$128	\$140	\$146	\$159	\$448	\$488
Zone 3 - Panhandle	\$125	\$136	\$143	\$156	\$438	\$477
Zone 4 - North Texas	\$135	\$147	\$155	\$169	\$475	\$517
Zone 5 - Southeast Texas	\$134	\$146	\$154	\$168	\$471	\$513

Recommended Light-Duty Rates

- Towing ticket average rate: \$122.30
 - Includes ONLY private property tows
- Cost analysis average rate: \$148.76
 - Includes ALL weight classes and all non-consent tows
 - Includes ALL revenue and expenditures
- Fee schedules were not considered

Recommended Light-Duty Rates

- The first 2 rates are weighted:
 - Towing tickets x .67
 - Cost analysis x .33

= statewide rate of \$131.03
- The regional (zone) adjustments based on COLA from the cost analysis are applied to the statewide rate.

Rural Adjustment

- Cost analysis: 35% of towing company expenses are for fuel, depreciation, repairs and maintenance.
- This is the component that most impacts private property towing in rural areas.
- A 25% adjustment is recommended to this component of the rate.

Rural Adjustment

- The rural adjustment formula is:

$$(35\% \text{ of zone rate} \times 1.25\%) + \\ (65\% \text{ of the zone rate})$$

- This adjustment is made for all 3 weight categories.
- 133 counties in Texas are considered rural and the rural rate would apply only to tows originating in those counties.

Weight Distinctions

- Based on the weight of the vehicle being towed:
 - Light-duty tows: gross weight rating of 10,000 pounds or less
 - Medium-duty tows: gross weight rating of more than 10,000 pounds but less than 25,000 pounds
 - Heavy-duty tows: gross weight rating that exceeds 25,000 pounds

Medium-Duty Rates

- No data from towing tickets or cost analysis specifically for medium-duty tows.
- Previous study:
 - 13 localities had an average rate of \$222.15
 - 13 localities had a median rate of \$150
 - 9 of 13 localities have rates of \$200 or below
 - Average of 9 localities is \$149.44
- Average statewide rate is \$150.

Heavy-Duty Rates

- No data from cost analysis specifically for heavy-duty tows.
- We believe only about 10% of towing companies conduct private property heavy-duty tows.
- The average rate on 55 towing tickets from 8 companies is \$461.21.

Recommended Rates

- Flat rates rather than hourly or price-per-pound
 - Most commonly used on tow tickets
- All inclusive
- The only other charge recommended:
 - \$50 drop fee for light- and medium-duty tows
 - \$100 drop fee for heavy-duty tows.

Rate Comparison

Comparison of Recommendations to Current Regulated Municipal Towing Rates

Municipality	Current Regulated Non-Consent Rate			Recommended Private Property Rate		
	Light Duty	Medium Duty	Heavy Duty	Light Duty	Medium Duty	Heavy Duty
Austin	\$150.00	\$400.00	\$800.00	\$130.00	\$149.00	\$458.00
Beaumont	\$165.00	n/a	n/a	\$134.00	\$154.00	\$471.00
Dallas	\$95.00	\$150.00	\$350.00	\$135.00	\$155.00	\$475.00
El Paso	\$70.00	\$350.00	\$350.00	\$128.00	\$146.00	\$448.00
Fort Worth	\$135.00	n/a	\$216 per hour	\$135.00	\$155.00	\$475.00
Houston	\$140.00	n/a	\$218 per hour (2-hour minimum)	\$134.00	\$154.00	\$471.00
Lubbock	\$75.00	n/a	n/a	\$125.00	\$143.00	\$438.00
San Antonio	\$85.00	\$125.00	\$300.00	\$130.00	\$149.00	\$458.00