

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONSUMER AFFAIRS

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HELD AT: Council Chambers - City Hall

B E F O R E: RAFAEL L. ESPINAL, JR.

COUNCIL MEMBERS: Vincent J. Gentile
Julissa Ferreras-Copeland
Karen Koslowitz
Rory I. Lancman

A P P E A R A N C E S (CONTINUED)

Amit Bagga, Deputy Commissioner
External Affairs
Department of Consumer Affairs

Casey Adams, Deputy Director
City Legislative Affairs
Department of Consumer Affairs

Jordan Cohen, Associate General Counsel for
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Michael Tiger, Deputy General Counsel
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Joseph K. Robles, President
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Charles Gampero
Jets Towing, Incorporated

Ralph Gonzalez
BLG City Auto Body and Towing

2 [sound check, pause] [gavel]

3 CHAIRPERSON ESPINAL: Good morning. My
4 name is Rafael Espinal. I'm the Chair of the
5 Consumer Affair Committee. Thank you for being here
6 today on this very special Valentine's Day hearing.
7 Today, the committee will conduct an oversight
8 hearing to learn more about the regulation of the
9 towing industry as well as consider Intro No. 1173, a
10 Local Law that increase maximum charges allowed for
11 towing motor vehicles. Having your car towed
12 regardless of the reason, and there are many, is
13 almost as-is almost never a desirable situation.
14 Nevertheless, at times towing is necessary. The
15 City's Department of Consumer Affairs, DCA, regulates
16 rate for non-consensual towing, which the towing of
17 vehicles where the owner has neither requested nor
18 authorized the two. There are six types of non-
19 consensual towing regulated by the city including
20 tolls for blocking private driveways, tows from
21 private property and arterial towing of disabled
22 vehicles from major roadways. There is also the
23 Directed Accidents Response Program, also known as
24 DARP, which was created in 1987 as response to
25 concerns about accident chasing tow truck drivers.

2 The DARP tow involves the policing for participated-
3 participating tow companies form a DCA approved list
4 on a rotating basis to remove disabled vehicles from
5 the scene of accidents. Finally, there's the
6 Rotation Tow Program or ROTOW, which is composed of a
7 separate list of DCA approved operators called on a
8 rotational basis to remove abandoned or stolen
9 vehicles. The Council last approved tow rate
10 increases in 2011. At 2010 hearing to consider the
11 matter, DCA opposed the increases and raised the
12 number of chronic complaints regarding the industry
13 including demanding cash only payment, illegal tows
14 from private parking lots, overcharging, and refusing
15 to allow insurance companies to inspect vehicles. In
16 May of 2011, the Council passed Intro No. 201-A,
17 which increased towing rates, but also included
18 enhanced accountability measures and penalties for
19 violators including suspension and license revoke-
20 revocation if certain sections of the Administrative
21 Code were violated three or more times in a two-year
22 period. The law included a requirement that DCA
23 submit annual reports to the Council including a
24 total number of violations issued to the industry
25 broken down by the type of violation and by licensees

2 as well as the total number of suspensions and
3 revocations by licensees. Also required in the
4 report, the total number of meetings of the Toll
5 Advisory Board, which is responsible for advising the
6 Commissioner regarding tow industry issues and
7 regulations. Available reports submitted to the
8 Council showed no record of Advisory Board meetings.
9 The Committee expects the agency will provide context
10 for the raw data received, and bring the committee up
11 to speed on the latest developments. Although the
12 committee is aware that the industry remains a source
13 for consumer complaints, it also notes that business
14 costs have risen in the past six years. Both the
15 Council and the Administration have been open to
16 reasonably easing the regulatory burdens the city's
17 small businesses face, and over the last several
18 years, they have taken numerous steps to make it
19 easier for them to operate so they can be successful
20 and profitable. The tow industry deserved a chance
21 to make—make—the towing industry deserves a chance to
22 make its case for why a rate increase is—is
23 appropriate, and the committee looks forward to
24 hearing their views. Intro 1173 would increase the
25 applicable tow per mile and storage fee rates. The

2 bill would raise current tow rates of \$125 to \$225
3 and current tow rates of \$140 to \$300. Additionally,
4 Intro 1173 would increase per day storage rates
5 between \$40 and \$100. The committee look forward to
6 input from the agency, and the industry and other
7 interested parties on its proposal. Before we move
8 forward, I want to acknowledge that we've been joined
9 by Karen Koslowitz from Queens. We have Vinny
10 Gentile from Brooklyn. We have Rory Lancman from
11 Queens, and I want to thank my committee staff Val
12 Keys (sic) for hearing on a first hearing, and we
13 have Izzy Martinez, who has also been very helpful on
14 putting g this report together. So I'm going to call
15 up the first panel. We have Amit Bagga, Deputy
16 Commissioner of DCA. We have Casey Adams, Deputy
17 Director of City Leg Affairs for DCA. Jordan Cohen,
18 the Associate General Counsel for DCA, Michael Tiger,
19 Deputy General Counsel of DCA, and Mary Cooley,
20 Assistant Commissioner of DCA. But before we began
21 can you please raise your right hands for the oath?
22 [pause]

23 LEGAL COUNSEL: Do you swear to tell the
24 truth and the whole truth?

25 PANEL MEMBERS: [in unison] Yes.

2 LEGAL COUNSEL: Thank you. [pause]

3 CHAIRPERSON ESPINAL: Yeah, you may
4 begin.

5 DEPUTY COMMISSIONER BAGGA: Thank you.
6 Good morning Council Member Espinal, Council Member
7 Koslowitz and Council Member Gentile. Nice to see.
8 Thank you so much for inviting us to testify today.
9 My name is Amit Bagga and I'm the Deputy Commissioner
10 of External Affairs at the Department of Consumer
11 Affairs, which I will be referring to as DCA. I am
12 joined today by my colleague Casey Adams, who's the
13 Deputy Director of Legislative Affairs, and Jordan
14 Cohen, who is our Associate General Counsel as well
15 as other members of the DCA team that you were very
16 kind to acknowledge. Again, on behalf of
17 Commissioner Salas, thank you for allowing us the
18 opportunity to testify today. The regulatory
19 structure crafted by the Council over the past three
20 decades shows a clear recognition on the part of
21 legislators that the towing industry in New York City
22 merits special attention from regulators, and strong
23 safeguards for consumers. I was initially going to
24 provide a little bit of backgrounds on the different
25 types of two programs, but you did that in your

2 opening statement. So with your permission I'll move
3 onto talk about our experiences relative to the
4 industry. [pause] The tow industry is consistently
5 one of the top consumer complaint generating
6 industries regulated by DCA. Since 2014, the agency
7 has received almost 3,600 complaints from consumers
8 about towing companies. These complaints paint a
9 clear picture of the potential consumer harms in this
10 industry. The top three complaint categories all
11 relate overcharging and misrepresentation while the
12 fourth relates to cars damaged during towing or
13 transport. It is a common predatory practice for tow
14 truck drivers to loiter near private lots, and put a
15 consumer's car on the hook illegally as soon as the
16 consumer leaves the property despite the fact that
17 the company must be called and authorized by the lot
18 owner pursuant to a contract in order to be able to
19 conduct a lawful tow. Tow truck drivers also often
20 demand cash on the spot in excess of the permissible
21 rate despite the fact that companies are required by
22 law to accept credit cards. Consumers that depend on
23 their vehicles for personal or work purposes and are
24 not aware of their rights may feel as though they
25 have no choice but to comply. One consumer story,

2 which is typical of private lot towing complaints
3 involved a simple trip to the laundromat with her
4 mother. The consumer parked her car in a shopping
5 plaza while the consumer and her mother visited a
6 laundromat located inside the plaza. A tow truck
7 approached her driver and the driver put it on the
8 hook, but was stopped by a member of the consumer's
9 family before the car could be hauled off the lot.
10 The derive demanded \$125 on the spot to release the
11 vehicle despite the fact that the two was illegal
12 because the consumer had not violated any posted
13 instructions, and the tow company had not been
14 authorized and summoned by the lot operator. Even if
15 the tow had been proper, which it was not, the tow
16 truck driver was demanding twice the legal rate for
17 private lot tows that do not take the car off the
18 lot. For many families, choosing between an
19 unexpected expense of \$125 or more and losing their
20 vehicle is painful and unworkable. These types of
21 illegal tows cause real harm to consumers across New
22 York City. [pause] DCA handles towing complaints in
23 many different ways. Typically, complaints are first
24 received by our Consumer Services Divisient-Division,
25 excuse me, which will attempt to mediate the

2 complaint between the consumer and the company. Upon
3 suspicion or report of potential illegal activity,
4 DCA's legal investigate—Legal Division will often
5 choose to investigate. Penalties for towing
6 violations can be quite high, and are sometimes an
7 effective motivator for companies to comply with the
8 law especially with coupled with DCA's authority to
9 deny, suspend and revoke the licenses of businesses
10 that violate the law or fail to pay their fines. DCA
11 has used this authority to suspend 55 and revoke 15
12 tow truck company licenses since 2014. In addition,
13 during that time, we have also denied 22 license
14 applications. DCA also maintains the Tow Truck
15 Company Trust Fund as an alternative to the surety
16 bond that companies are required to maintain. The
17 fund allows DCA to compensate consumers who are
18 wronged by tow-tow truck licensees? In a 2015 case
19 that gives a sense of the type of cases that agency
20 brings in this area, DCA successfully charged the
21 company with a slew of violations including illegal
22 towing, deficient record keeping, towing from private
23 lots without authorization and even—even towing
24 occupied vehicles. In addition to revoking the
25 company's license and imposing fines and requiring

2 the company to pay consumer restitution, DCA was able
3 to access the funds to pay out approximately \$6,300
4 to restitution—in restitution to victims of—of the
5 company's predatory conduct. Since 2014, DCA has
6 used mediation and adjudication to obtain almost
7 \$170,000 in restitutions for consumers aggrieved by
8 the towing industry. I will now turn to provide
9 comment on Intro 1173, which would increase the
10 maximum rates that towing companies may charge for
11 non-consensual towing and the storage of towed
12 vehicles. The Council last increased these fees in
13 2011, and before that, the fees were raised in 2004
14 and in 2001. DCA appreciates the opportunity to
15 revisit this issue and weigh in on the proposed
16 increase. After reviewing agency data, and
17 researching comparable regulatory schemes in other
18 jurisdictions—and other jurisdictions DCA does not
19 feel as though a further increase in tow fees is
20 warranted at this time. First, the rates proposed in
21 Intro 1173 would make New York City's tow fees the
22 highest in the country. While the cost of doing
23 business in New York City might be higher than in
24 other jurisdictions, DCA believes that more research
25 would need to be done to justify this dramatic

2 increase, and ensure that it is proportional to
3 increases and towing company operating costs. We
4 should not that after conferring with the Law
5 Department of the City they agree with that analysis.
6 Finally, the proposed increases far outpace the rise
7 in the Consumer Price Index and other inflation
8 indicators that measure how far consumer dollars will
9 go. For example, Intro 1173 proposed to increase the
10 initial fee for vehicle removal under DARP from \$125
11 to \$225, an 80% increase in the cost to consumers.
12 In contrast, the CPI has increased just 7% since the
13 Council last increased tow fees. DCA does not
14 believe that increasing fees would serve consumers
15 who do not have the ability to shop around for the
16 lowest fees, and are essentially locked into a
17 transaction with the operator performing a non-
18 consensual tow or better incentivize companies to
19 comply with the law. DCA reaffirms that close
20 careful regulation of the towing industry is the best
21 way to protect consumers and combat predatory
22 behavior. Over three decades of regulating this
23 industry DCA has gained unique experience with the
24 regulatory structure, and would like to take this
25 opportunity to offer to the Council the following

2 suggestions for updating our law. First, DCA
3 suggests increasing the license fee for tow truck
4 drivers. Currently this fee is only \$20 making it
5 among the lowest charged by the agency, and also
6 insufficient to cover the costs associated with
7 processing applications. Other licensed categories
8 with similar application requirements have much
9 higher license fees that better reflects the time and
10 labor costs that DCA incurs to administer those
11 license applications. Second, DCA seeks to work with
12 the Council to ensure that the agency's ability to
13 suspend, revoke or refuse to renew licenses of
14 companies that break the law, covers all towing
15 related violations both in DCA code as well as DOT's.
16 Lastly, DCA suggests aligning the requirements and
17 DARP and ROTOW programs, which would actually make
18 life potentially easier for tow truck companies to
19 allow any company qualified to participated in one
20 program to be able to participate in the other.
21 Currently, requirements for these programs are quite
22 similar but not identical, and companies are
23 enthusiastic as we understand it about meeting the
24 increased storage requirements of the ROTOW program
25 for what they view, as we understand it, as a less

2 lucrative return. Synergizing the two programs would
3 make them more efficient, and increase the
4 availability of tow trucks to remove the types of
5 vehicles covered by ROTOW. In conclusion, we would
6 like to thank the committee for the opportunity to
7 testify today, and discuss some of the ways the city
8 can improve its regulation of the industry to better
9 serve consumers. We look forward to continuing this
10 conversation as the legislative process continues.
11 My colleagues and I will be happy to answer any
12 questions you might have.

13 CHAIRPERSON ESPINAL: Thank you for your
14 testimony. I just want to break down the process of
15 how someone can become a tow truck—a tow truck driver
16 or how can you start your own company. So let's say
17 I wanted to go out and become a tow truck driver,
18 become part of the industry. You know, how do I—
19 what, do I go buy a truck and then after I buy a
20 truck do I go visit DCA and apply for a license for
21 the truck or do I the driver have to get my own
22 license as well? How does that work?

23 DEPUTY COMMISSIONER BAGGA: I will
24 provide an initial answer and my colleague Jordan can
25 fill in. If you would like to operate in the two

2 truck industry, and you are an individual, and you
3 yourself are going to be driving a truck you need to
4 be able to, you need to access a DCA tow truck
5 driver's license. Your company, the tow truck
6 company needs to be licensed as well.

7 CHAIRPERSON ESPINAL: Okay, so there's
8 two separate licenses. So let's say I wanted to work
9 for a tow truck company. I would need to get my own
10 license as a driver?

11 DEPUTY COMMISSIONER BAGGA: That's
12 correct.

13 CHAIRPERSON ESPINAL: So these—these
14 violations that you—that you give out, that you've
15 mentioned, who does the violation go to, the company
16 or the driver?

17 DEPUTY COMMISSIONER BAGGA: In most cases
18 they would be going to the company.

19 CHAIRPERSON ESPINAL: To the company so
20 at, for instance, would a company tell you, hey,
21 listen, you know, we can't speak for the driver. The
22 drivers are out there operating at their own will and
23 they're—and they're doing illegal parkings on their
24 own. You know, why are we—why are we the ones who
25 penalize what our drivers are doing?

2 DEPUTY COMMISSIONER BAGGA: If you are
3 operating a business in New York City that requires a
4 license for DCA, and many if not all cases the
5 presumption is that your business has employees, and
6 as the proprietor of you business we believe, and I
7 believe the Council would share this belief being
8 that these laws, in fact, were written by the
9 Council, that it is the business owner's
10 responsibility to ensure that all of his or her
11 employees are complying with the law. And the
12 business owner does take on some liability and
13 responsibility when they are conducting their
14 business in New York City to ensure all of their
15 employees are also following the law.

16 CHAIRPERSON ESPINAL: I guess that's
17 fair. So, but let's say the--the company decides to
18 fire their employee because their employee is pretty
19 much free at will to go work for another company and
20 probably continuing doing the same practices that
21 they were doing in the previous job.

22 DEPUTY COMMISSIONER BAGGA: If you're
23 asking about someone who is specifically a licensed
24 tow truck driver. [background comments] So we do
25 have ability to revoke tow truck driver licenses and

2 also deny tow truck driver applications. At this
3 time, we don't have any members on any of those
4 potential revocations or denials. Typically we find
5 that we don't necessarily receive a whole lot of
6 complaints about individual drivers from consumers.
7 We receive them about the company.

8 CHAIRPERSON ESPINAL: You know, I—but I
9 guess I just—the way I see it, I—I would—I believe
10 that the driver is the one that's actually doing the—
11 the predatory practices against the consumer. Like
12 shouldn't they be the first in line to be penalized
13 for the action they've taken against the consumer?
14 Or should we try to find ways to get those drivers
15 off the road so that they won't continue doing these
16 predatory practices against the consumers of the
17 city?

18 DEPUTY COMMISSIONER BAGGA: I think it's
19 certainly something we can consider. The law the way
20 it's currently written specifically contemplates that
21 tow truck companies are responsible for the conduct
22 of their employees, and one of the reasons why the
23 penalties are so high in the law we believe against
24 tow truck companies is because there's been a very
25 long history of the company and their employees

2 engaged in predatory conduct against consumers, and
3 so, you know, if there were a notion that the law
4 should be amended to increase penalties against
5 drivers, that's certainly something we would be happy
6 to engage in conversation with you on, but in our
7 experience regulating this industry for three decades
8 we find that the tow truck companies are often the
9 ones engaged in predatory conduct.

10 CHAIRPERSON ESPINAL: So in what—in what
11 instance—in what instance would you revoke the
12 license of a driver?

13 DEPUTY COMMISSIONER BAGGA: Well,
14 violations specifically of the Tow Truck Drivers
15 License Law could potentially result in the
16 revocation of a tow truck driver's license. I am not
17 familiar at the time with any cases that we have
18 brought specifically against tow truck derivers, but
19 violations of the various stipulations and provisions
20 that exist in the tow truck company licensed
21 structure whether those violations are committed by
22 an individual driver or "the company at large" the
23 company is responsible.

24 CHAIRPERSON ESPINAL: Okay. Which
25 neighbor? Are there any neighborhoods or—or boroughs

2 that you see, you know, high incidences of predatory
3 tow truck is occurring?

4 DEPUTY COMMISSIONER BAGGA: Well,
5 certainly I can—I have some numbers to report on
6 where we receive the largest numbers of complaints
7 from. So we do find that Brooklyn and Queens tend to
8 be the largest sources of complaints. Since 2014
9 we've received approximately 1,100 complaints from
10 Brooklyn, and 1,169 complaints from Queens. We have
11 651 from the Bronx. We have 152 from Staten Island,
12 121 from Manhattan and an additional approximately
13 400 from consumers who live outside of New York city
14 but who experience some issues with a two company in
15 New York City.

16 CHAIRPERSON ESPINAL: So the six of the
17 six different types of tows that—that—that companies
18 conduct, which is—which results in the greatest
19 number of consumer complaints?

20 DEPUTY COMMISSIONER BAGGA: I'm sorry.
21 Can you rephrase that?

22 CHAIRPERSON ESPINAL: [interposing] So,
23 like—like, you know, is it—is it—which—which I guess
24 creates the biggest number of consumer complaints?

2 Is it the private property tow? Is it the blocked
3 driveway tows? Is it when a--

4 DEPUTY COMMISSIONER BAGGA: It's the
5 private lot tows. So, the largest sorts of consumer
6 complaints is the situation where a consumer similar
7 to what I described in my testimony is--is making use
8 of the private lot and then their car gets hooked up
9 either illegally or legally, and in many instances
10 the consumer is gouged on the spot and potentially,
11 you know, required to pay in cash--which is illegal.
12 You cannot require consumers to pay in cash--a certain
13 amount of money, which in many instances is much
14 higher than the legally authorized rate to be able to
15 get their car back.

16 CHAIRPERSON ESPINAL: So I've heard
17 instances of people parking let's say in a private
18 lot let's say of a CVS and they're going into a CVS
19 buying their products, crossing the street to go
20 another deli, and when they cross that street a tow
21 truck will come in and lock--and lock their vehicle.
22 So you would say that's probably an illegal action by
23 the tow truck driver?

24 DEPUTY COMMISSIONER BAGGA: So in that
25 particular scenario there could be a couple of

2 different things that are happening. If there is a
3 private lot such as the CVS private lot as you gave
4 the example, that lot operator if they wish to have
5 an agreement with a-with a-towing company, the law
6 provides certain parameters that they need to abide
7 by in order to be able to do that. There's also
8 needs to be very clear signs that are posted in that
9 lot that indicates that if you are parking in that
10 lot, but not using the businesses that are in that
11 lot, but if you leave that lot, you are going to be
12 subject to tow by this company. This is how the
13 company be reached, et cetera. Also there are very
14 specific rates that those companies are allowed to
15 change you as a consumer. They are also required to
16 be able to take payment in many different forms. So
17 a couple of different things could happen. For
18 example, if let's say you use the CVS, but you then
19 also cross the street to use the deli, and a tow
20 trunk-a tow truck company hooks up your car, they
21 cannot, for example, demand that pay cash on the spot
22 to retrieve your car. They also are not allowed for
23 example to charge you \$125, which is the case that
24 we've had when the legally established rate is
25 \$62.50. There also needs to be direct authorization

2 from the lot proprietor or owner to call the company
3 and say you need to tow this car. So the tow, the
4 law—the law does not allow for a towing company to
5 automatically hook up a car even if they are the ones
6 that have the contract with that lot. There needs to
7 be a specific authorization.

8 CHAIRPERSON ESPINAL: So they can't just
9 take it upon themselves to lock up your car?

10 DEPUTY COMMISSIONER BAGGA: Correct.

11 CHAIRPERSON ESPINAL: Okay.

12 DEPUTY COMMISSIONER BAGGA: I would like
13 to point out, if I may, that from your Council
14 District alone since 2016, just in 2016 we received
15 49 complaints.

16 CHAIRPERSON ESPINAL: Thank you. Karen.

17 COUNCIL MEMBER KOSLOWITZ: How come the
18 Advisory Board doesn't meet?

19 DEPUTY COMMISSIONER BAGGA: Thank you,
20 Council Member. It's a good question. So in order
21 for the Advisory Board to be convened, any potential
22 nominees to the Board must be able to pass a vetting
23 that is conducted by the Department of Investigation,
24 and over the course of several years, any of the
25 nominees put forward, which would included

2 representatives from the towing industry have not
3 been able to pass. That--that--that DOI has
4 essentially barred us from being able to convene the
5 Board because none of the nominees have been able to
6 pass with that.

7 COUNCIL MEMBER KOSLOWITZ: On the towing
8 thing, that private lot do you speak to the owners of
9 the private lots who--who deals with the towing
10 company that they hire?

11 DEPUTY COMMISSIONER BAGGA: [pause]
12 Certainly, in the course of an investigation if we do
13 need to speak with the owner of a particular lot we
14 may choose to do so. But thee isn't a specific
15 license for example that would give you--that would--we
16 would require the owner of the lot to possess that
17 we--that we grant.

18 COUNCIL MEMBER KOSLOWITZ: I mean I would
19 think if I was driving and I parked and--and I went
20 into the store in a private, you know, in a private
21 parking lot and I was towed, I would think twice
22 about going into that parking lot again or going to
23 that store if my car was going to be towed while I'm
24 shopping in the store.

2 DEPUTY COMMISSIONER BAGGA: Of course,
3 you know, I don't think that any New Yorker feels
4 like they necessarily want their car to be towed
5 simply while they're shopping. As I mentioned in my
6 testimony and also in my responses to the chair's
7 questions, in many instances even shoppers who are
8 not necessarily violating the rules set out by the
9 private lot owner, which essentially might say if you
10 go shop elsewhere and not in this lot your car might
11 be towed. In many instances even when a consumer is
12 not violating that--that sort of idea towing companies
13 have illegally hooked up consumer's cars and charged
14 very high rates in order for consumers to get them
15 back.

16 COUNCIL MEMBER KOSLOWITZ: I, you know,
17 I'm very frustrated because I was the Consumer
18 Affairs Chair in the '90s up to 2001, and it only
19 seems like it's déjà vu like nothing has changed that
20 everything is still the same, the same problems. Why?
21 I mean it's a lot of years ago.

22 DEPUTY COMMISSIONER BAGGA: So I do
23 actually think that that's a very good question
24 truthfully to be posed to the towing company
25 industry. I think one of the real challenges that we

2 face here with this particular type of industry is
3 that the predatory conduct and extortionary behavior
4 that consumers really suffer from occurs at a point
5 in time where no city employee could physically be
6 present. So in the example that I gave, which is,
7 you know, the most common type of complaint that we
8 receive, which is that my car was hooked up illegally
9 while I was shopping. There is no way that a police
10 officer or a DCA inspector or any other city employee
11 would necessarily be on the scene as that's
12 happening, which is one of the reasons we believe it
13 continues to happen, and what we do is that we are
14 very aggressive in pursuing those complaints when we
15 receive them, and as I mentioned in my testimony,
16 we've received 3,600 complaints just in the last few
17 years, and we have pursued nearly all of the, and in
18 many instances we have brought very large cases
19 against tow-towing companies that have resulted in
20 the companies paying millions of dollars in fines and
21 restitution. And I would say that, you know, one of
22 the-one of the-the very nature of this industry
23 presents certain types of challenges that make it
24 difficult for any city agency to stop the conduct as
25 it's happening, and rather we are in a position where

2 we do investigate very aggressively any complaints we
3 receive.

4 COUNCIL MEMBER KOSLOWITZ: You know, I
5 still—in my head I still can't understand why it's
6 still to this day. There's some oversight that's not
7 being done. I mean just, you know, if I park my car
8 in—in a—in a lot, and I get a ticket because I'm in
9 the lot it's very, of course, it's aggravating to me.
10 But at the same time, there's not enough oversight to
11 the agencies. There—there are laws on the books. I
12 know we did a lot of noise, DARP, ROTOW, all of that,
13 and nothing is going on.

14 DEPUTY COMMISSIONER BAGGA: So with
15 respect to some of the programs that you mentioned,
16 DARP and ROTOW, I would actually argue, and I think
17 my colleague with the Police Department would likely
18 agree with me that those programs have actually been
19 quite successful. Historically, as I understand it,
20 those programs were actually created by the Council
21 in consultation with the Administration to deal with
22 some—to deal with a variety of issues that were
23 occurring both on city streets and on highways. If I
24 may, I'm going to just take a moment to—to give you
25 an anecdotal example. As we understand it, what used

2 to happen in the past is that when for example there
3 is a disabled vehicle on a highway or on city streets
4 there—a call would go out over a police monitor
5 saying that there is a particular disabled vehicle
6 and it needs to be towed. This would result in what
7 is colloquially known as chasing, which is the--

8 COUNCIL MEMBER KOSLOWITZ: [interposing]
9 Right.

10 DEPUTY COMMISSIONER BAGGA: --different
11 tow companies would essentially try to be the first
12 ones to respond to the scene. This, which as you can
13 imagine created some issues. If let's say two tow
14 truck companies, which as you can imagine created
15 some issues. If, let's say two tow truck companies
16 arrived almost at the same time, who gets the tow,
17 right? It was very difficult to decide, which
18 obviously placed the consumer in a very difficult
19 position as well as even maybe a police officer if he
20 or she is on the scene. In addition to that, one--
21 that was—that particular chasing problem was
22 exacerbated by other factors. For example, if the
23 call went out on the police monitor saying we have a
24 brand new Lexus that's being towed versus a 20-year-
25 old Honda in our—from what we understand it used to

2 be the case, you would find that there were a larger
3 number of tow truck companies that might show on the
4 scene.

5 COUNCIL MEMBER KOSLOWITZ: That's true.
6 That's why it is done.

7 DEPUTY COMMISSIONER BAGGA: Yes. So I
8 would say that the Council created some very
9 effectively-effective programs that, you know, have
10 really cracked down on what were some major problems
11 historically present in this industry particularly as
12 it pertains to towing issues that occurred on
13 highways and on city streets. I think the challenges
14 that exist with private lots are fundamentally
15 different. You know, we have numerous complaints
16 about tow-tow companies just keeping their trucks
17 nearby or close to a private lot, and hooking up
18 consumer's cars when they should not be doing that
19 without direct authorization and, you know, sometimes
20 demanding extortionary rates on the spot. The nature
21 of that interaction is fundamentally very different
22 than the nature of you being a disabled vehicle on
23 the side of the road. So it's-it's-as a result of
24 the nature of that interaction being different, it's
25 harder to-to regulate, and I think harder to control.

2 I will say we also very aggressive about enforcing
3 the law against tow truck companies. As I mentioned,
4 we have brought large cases that have resulted in
5 millions of dollars in fines and restitution for
6 consumers over the last several years, and just in
7 the last three years, we've gotten \$170,000 in
8 restitution for consumers. So, you know, I think the
9 problems continue—some problems continue to exist.
10 That might be true, but I would disagree with the
11 notion that we don't—we're not very aggressive with
12 the industry, and I think our track record shows
13 that, the amount of—the amount that we've collected
14 in fines and restitution is a testament to that.

15 COUNCIL MEMBER KOSLOWITZ: Well, I think
16 in stead of fining the tow companies, you should fine
17 the driver who was doing this. He's—he's the one who
18 that's not doing the right thing. Why punish the tow
19 company for that?

20 DEPUTY COMMISSIONER BAGGA: Well, the-the
21 way the law is currently structured, penalties are
22 borne by the tow truck company, which is very similar
23 to how most licensing laws are structured. But, you
24 know, the city is giving you sanction to do business
25 in the city of New York, and as a result, you and all

2 of your employees are—are responsible for predatory
3 or illegal conduct. If the Council did want to
4 pursue ideas related to increasing penalties on tow
5 truck drivers, we'd be happy to engage in a
6 conversation. But the way the law is currently
7 structured, the cases we would bring would be brought
8 against the company.

9 COUNCIL MEMBER KOSLOWITZ: I know, but if
10 the—in my—in my mind that's a very good suggestion.
11 In my mind if the driver is getting the fines, maybe
12 he would think twice about doing what he—he was doing
13 all along. That would make sense and on the Advisory
14 Board, who was on the Advisory Board? Who was
15 supposed to be on the Advisory Board?

16 DEPUTY COMMISSIONER BAGGA: I believe the
17 representatives from the towing industry are meant to
18 be on the Advisory Board, and meet with DCA. As I
19 mentioned, all of the nominees that DCA had put
20 forward none of them were able to pass the DOI vet,
21 and DOI essentially told us that we were not to
22 convene the Board as a result. And if I—if I ma also
23 just say, you know, based on our three decades of
24 regulating this industry and licensing this industry,
25 we do feel and we have, you know, our investigations

2 have shown this that towing companies often encourage
3 predatory conduct in terms of how they want their
4 drivers to-to interact with consumers because at the
5 end of the day, the tow-towing companies in many
6 instances are the ones who are really benefitting.
7 You know, it's not clear to us that the drivers are
8 necessarily on their own pocketing the extra money
9 that they shouldn't be charging. In many instances
10 the, you know, those-that-that revenue is going to
11 the company. In addition to that what we have seen
12 is that when we do investigations of companies,
13 companies very frequently are pretty delinquent in
14 terms of maintaining the records they are required to
15 maintained to show exactly how the tows were
16 conducted, what was charged, who the consumers were,
17 et cetera, which indicates to us that it is really-
18 the-the onus is really on the company to ensure that
19 predatory conduct is not being engaged in, and if the
20 company itself is not maintaining, for example,
21 certain records, that indicates to us that-that the-
22 the source of the predatory conduct may actually come
23 sort of from-from above as opposed to the driver
24 himself or herself.

2 COUNCIL MEMBER KOSLOWITZ: I agree with
3 what you're saying except the fact that it does seem
4 to me with tow companies we need tow companies.
5 They're a necessity, and it seems—I—I don't think I
6 have the answer at this moment. It seems to me that
7 we have to sit down and put our heads together and
8 decide what is good for the tow companies and what is
9 good for the people. I think we have to do that. So
10 maybe we should have some part of the Advisory Board
11 that we could sit down and discuss it. Tow companies
12 are going to be here for—forever longer I'm going to
13 be here, and we have to decide because the same
14 problem almost existed since I was hear in the '91 I
15 stated.

16 DEPUTY COMMISSIONER BAGGA: So I think we
17 would very much agree with you and, you know, DCA
18 does engage in very frequent conversations with a
19 variety of industries that we—we license and that we
20 regulate. We have open dialogue with lots of
21 different trade groups and industry associations,
22 chambers of commerce, BIDs, et cetera, and we've
23 worked very closely over—in this Administration in
24 particular and significantly increased the amount of
25 industry and business engagement that we do. And,

2 you know, we recognize that those businesses that are
3 playing ty the law should receive, you know, some
4 sort of relief, and—and that's borne out for example
5 by some of the reductions in small business fines
6 that we've had in the last several years. However, I
7 would say that in those industries where we've seen
8 that there is a large amount of predatory conduct
9 that, you know, consumers are constantly being
10 harmed, those are difficult industries for us to sit
11 down with. We'd love to be able to do that, but as
12 is borne out by the fact the Department of
13 Investigation has not passed a single nominee to the
14 Advisory Board through vet. That clearly in and of
15 itself is—is a clear indication that there are major
16 problems in this industry, and that, you know, there—
17 there needs to probably be a strong regulatory
18 structure that—that ensures that consumers are not
19 being harmed.

20 COUNCIL MEMBER KOSLOWITZ: Thank you.

21 CHAIRPERSON ESPINAL: I just don't think
22 that this---this adversarial relationship between the
23 industry and government should continue. We have to
24 come to a middle ground at some point and say how can
25 we work together. You know, if DCA has to sit down

2 and figure out ways where we can push stronger
3 regulations against the industry then we should do
4 that, you know, and if the industry feels like they
5 can—can offer something as well, then we should look
6 at how can we finally bridge that gap so that we can
7 have a productive relationship moving forward. You
8 know, I know this has been an issue for the past
9 three year that I've been Chair, because I've early
10 talks with—with DCA and the industry as well, but I—I
11 think we're hitting a point where we can't just
12 continue to block any sort of negotiations with
13 industries that are providing necessary service to—to
14 our constituents.

15 DEPUTY COMMISSIONER BAGGA: Yeah, I mean
16 I think—I think we agree that we'd love to be able to
17 engage.

18 CHAIRPERSON ESPINAL: Okay, so—so going
19 back to the increase, DCA has always opposed the
20 increase. They continue to impose an increase. Do
21 you have any suggestions for alternative rate
22 increases? Do we even talk about giving them
23 increase until we figure out a way that we work with
24 the industry?

2 DEPUTY COMMISSIONER BAGGA: Well, I don't
3 have any sort of specific suggestions in terms of
4 numbers of, you know, by how much we feel the rate
5 could be increased. I should point that the
6 currently proposed rate increase in 1173 the—the
7 amount by which the rate would go up is significantly
8 higher than the amount by which the Consumer Price
9 Index has gone up for the New York City area in the
10 last several years, which I definitely think needs to
11 be a consideration. We've also consulted with the
12 Law Department on this to get an understanding of how
13 a rate increase could be considered if that is a
14 priority for the Council and their feeling is that a
15 rate increase of any type must be very clearly
16 justified and there needs to be a clear justification
17 beyond just the simple notion that it's expensive to
18 do business in New York City for the rate increase.
19 And at this time we don't see one, but naturally
20 we're always happy to continue conversations with the
21 Council about what is possible.

22 CHAIRPERSON ESPINAL: So I was looking at
23 the toll rates for NYPD. The NYPD when they tow your
24 vehicle for a parking or no parking sign, it's about
25 \$189, which is—and—and from what we're requiring from

2 the private industry is \$125. Would you say that's a
3 great—a good starting point to talk about what we
4 should be charging consumers?

5 DEPUTY COMMISSIONER BAGGA: I believe
6 that the proposed rate increase is to \$225.

7 CHAIRPERSON ESPINAL: Yeah, in—in the
8 bill but I'm just talking—I'm speaking. I'm just
9 thinking out loud. You know when I—when—when NYPD
10 tows your vehicle, they charge you \$189--

11 DEPUTY COMMISSIONER BAGGA: Uh-huh.

12 CHAIRPERSON ESPINAL: --to tow your
13 vehicle.

14 DEPUTY COMMISSIONER BAGGA: Uh-huh.

15 CHAIRPERSON ESPINAL: Would that—is that
16 like a number that we can look at and say well,
17 there—there could be a comparison and that could be a
18 fair number?

19 DEPUTY COMMISSIONER BAGGA: I would have
20 to consult with my colleagues in City College (sic)
21 as well as the Law Department.

22 CHAIRPERSON ESPINAL: Okay. Alright,
23 thank you guys.

24 DEPUTY COMMISSIONER BAGGA: Thank you
25 very much.

2 CHAIRPERSON ESPINAL: Yeah. [pause] I'd
3 like to call up the next panel. We have Joseph K.
4 Robles from Mike's Collision and we have Peter
5 O'Connell from Estra. (sp?) [pause] Okay, you may
6 begin. Just state your name, first of all.

7 PETER O'CONNELL: Thank you, and thank
8 you for the opportunity to be here today. My name is
9 Peter O'Connell, and I'm the counsel to the Empire
10 State Towing and Recovery Association and we, of
11 course, are here to speak in favor of today's rate
12 increase. Before I do, I-I would like to briefly
13 discuss some of the issues that were raised by the
14 department and I-I certainly wish that some of you
15 have come to come of these, and they would stick.
16 Oh, okay. Nice to have you hear. Hopefully, you can
17 convey the message back to your people at the agency
18 that it is a very adversarial relationship between
19 the industry and DCA and it's been that way for as
20 long as I've been representing the industry, which
21 goes back to the 1980s and Ms. Koslowitz, your points
22 are extremely well taken. It's something that has to
23 be addressed, and we have always made ourselves
24 available to the in-to the department to discuss such
25 issues as chasing And they made a big point as to how

2 awful chasing was again. I got to tell you it's as
3 bad today as it was then, parts of the Bronx in
4 particular, parts of Brooklyn. Chasing is absolutely
5 rampant, and we've made many suggestions as to how to
6 deal with that, and nothing ever seems to happen.
7 Your suggestions about the—the Tow Advisory Board.
8 Ms. Koslowitz, back in the '90s, I gave you a list of
9 candidates that we recommended for the board, and
10 I've given similar lists to legislators to the
11 department several times since then, and I can assure
12 that every one of those will pass the vetting
13 process, and what wasn't really disclosed is that
14 just a majority of the members, and I think there's
15 seven members on the board, are towers. The others
16 are insurance representatives. They're people from
17 community boards. John Corlett from Triple A is
18 here, and one of his colleagues a guy named John
19 Africano has been on the board since the very
20 beginning, and I think John would be astounded to
21 learn what a nefarious character his cohort John
22 Africano is. John is a person of impeccable
23 integrity and would pass any sort of vetting process,
24 and, in fact, the last Advisory Board that took place
25 John Africano made a suggestion to the board that you

2 really shouldn't be going after out of town towers
3 that they're coming into the city, Triple A towers in
4 particular to pick up and drop off their customers'
5 vehicles. It seems to us it is a violation of the
6 commerce costs. It cost the city \$1.6 million in
7 legal fees which they lost in that particular case,
8 and that is the last time that the Board met and I
9 believe that might have been as far as back as the
10 1990s. But again, some of the suggestions that they
11 made for improvements, we could certainly concur with
12 them. Again, we've attempted many times to meet the
13 department. They just aren't willing to listen to
14 outside counsel. Turning to the issue of today's
15 rate increase, it was particularly interesting to
16 note that the department criticisms dealt almost
17 exclusively with private property around towing.
18 Just of what we're trying to accomplish today rate
19 increases for DARP and ROTOW and arterial highways.
20 They actually acknowledged that these aspects of the
21 industry are doing a good job. Yet, they're—they're
22 minding the—they're—they're minding the law. Those
23 are the people that we're interested in getting a
24 fare increase. When they stated that the increase
25 that we're looking for is the highest in the country,

2 it's simply not true, but what is true and one thing
3 that they did not mention is that our current—our
4 current rate is about the lowest in the country in
5 terms of major metropolitan cities across the country
6 like San Francisco, Dallas, Chicago. They all have
7 rates way up in the \$200 range. Closer to home, in
8 my testimony and I'll turn right to that, I'll talk
9 about some areas closer to home. The town of
10 Hempstead recently passed legislation to increase
11 their rates from \$125 to \$175 plus \$5 a mile for a
12 tow. That comes out to usually an average of well
13 over \$200. The towns of New Potts and Lloyd, which
14 is high in the—in the New Hudson Valley. Their rates
15 are \$200 for a day time tow, and \$250 for a night
16 time tow. Their storage rates a \$65 for outside for
17 outside storage and \$85 for inside. South Hampton
18 and these are—I'd love to have these rates. \$325 for
19 a day time tow and \$350 for a night time tow. I
20 guess that's a reflection of the amount of money that
21 people can afford to live in the Hamptons over the
22 summer. The town of Ice Brook, \$160 for a tow, \$30
23 for storage; Huntington, \$185 and \$35; East Hampton,
24 \$250. Upstate admittedly there are a lot of
25 jurisdictions that have tow rates that are similar to

2 and possibly at times even lower than the city rates,
3 but the majority of programs Upstate are maintained
4 by the State Police and local Sheriff's departments.
5 Typically, they cannot regulate the price of towers.
6 The towers sign up for the programs. In most
7 instances they have to list their stated rates and
8 adhere to them, and if they don't, they can be
9 removed or, if the rates are deemed to be excessive,
10 they won't get on the list. Talking to towers in the
11 last couple of days in the Albany and Mid-Hudson
12 areas I find that most police type tows like impounds
13 and as such, the rates run between \$175 to \$200.
14 Accident tows are usually \$250 plus you get liberal
15 allowances for extra work. You know, we're just
16 trying to bring New York up to what is the norm not
17 only in the rest of the country but even locally, and
18 the amount of the increase is staggering. They go up
19 from \$125 up to \$225. I-I will readily admit that,
20 but Ms. Koslowitz, in 1993, we appeared before your
21 committee when you were chairing the committee, and
22 we were looking for a rate of \$125 at that time. We
23 raised from \$50 and \$60 to \$70 and \$80, and I know
24 that there was last minute intervention by the
25 Mayor's Office to come up with those rates. That's a

2 1990—it was 2000. In 2011 or 2010, we tried to
3 increase the rate of \$125 to \$185. That \$185, as was
4 pointed out, had a—a certain degree of rationality to
5 it because it's what the police charge for their
6 tows, and that the marshals and other city agencies
7 get for their tows. You know, it seems like what's
8 good for the goose should be good for the gander, but
9 at that time, the \$185 we finally got up to our \$125.
10 So my way of looking at things we should be \$185 now
11 moving for \$225, and that's not as drastic an
12 increase as was made appear to be by the—by the
13 agency. I think that's about all I have to say
14 except for one thing, and it's not in the bill and I
15 have attached as part of my testimony a suggestion
16 for increases for heavy duty towing in the arterial
17 rotate—arterial highway program. Those rates haven't
18 been increased in over 20 years. And lastly, it
19 seems like every time we come in for a rate increase
20 there is something out there in the industry with a
21 bit of a crisis, and right now it's insurance. Joe
22 will tell you and perhaps other people here will tell
23 you about massive increases in insurance rates.
24 There are 150—100 to 15,000—or percent in increases.
25 100 to 150% increases and a lot of these are for

2 companies that have no violations. There are fewer
3 than five companies in New York that will even write
4 tow truck insurance. They've all moved out the--the
5 market. The market itself is extremely predatory. It
6 is impossible for a lot of smaller businesses to get
7 insurance, and I think that you're going to see a
8 rapid decline in the number of towers for this very
9 reason. Joe will tell you some of his personal
10 problems, how difficult it is for him to maintain his
11 business in light of these increases, but it's a--it's
12 a serious issue out there in the industry, and we ask
13 for the committee's indulgence in granting our wishes
14 and giving us very careful consideration. We believe
15 that what we're looking for is fair and reasonable.

16 JOSEPH K. ROBLES: Good morning. Good
17 morning. My name is Joseph K. Robles. I'm the
18 President of Knights Collision Experts, Inc. located
19 at 2000 Eastern Parkway in Brooklyn. I am the third
20 generation owner/operator of a auto repair and towing
21 company that serves the five boroughs of City of New
22 York. We employed approximately 45 individuals full
23 and part time and now employ approximately 35
24 individuals. We are a certified MWBE firm and I also
25 serve as the New York City Regional Vice President of

2 the Empire Towing and Recovery Association. Due to
3 the cost of living, fuel costs, equipment costs,
4 insurance costs, labor costs, and facility costs,
5 they have all increased over the past five years. In
6 some cases over 100%. We are an industry that serves
7 the city's motorists in their time of need. This is
8 our time of need. Without immediate relief in the
9 form of a rate increase, the industry as a whole is
10 in danger of extinction. If you think the term in
11 danger of extinction is harsh or exaggerated, perhaps
12 I should say what happened last February to my own
13 company, which was established in 1948 by my
14 grandfather. What is by far the biggest threat to
15 the towing industry in the city of New York is the
16 cost of insuring tow trucks. My insurance policy
17 renews March 1st and last year I was presented with a
18 renewal premium for my 30 tow truck operation that
19 jumped from approximately \$400,000 a year to \$1.2
20 million. That amounted to a 200% increase where my
21 only option was to close the business. Three days
22 before I was planning to remove every license plate
23 from all of my equipment, an option or I would have
24 to reduce the size of my fleet down to 18 trucks, and
25 lay off several employees was figured out under

2 extreme duress and many sleepless nights. If you
3 have any doubt of the facts of my story, last year on
4 this very day our operation had a very large presence
5 in Manhattan that we do not have today. It was not
6 easy for an entrepreneur who has worked his entire
7 career to break down his company. Knights Collision
8 no longer services the FRD Drive, Harlem River Drive
9 or the 59th Street Bridge for the NYPD. Knights
10 Collision no longer tows seized vehicles for the New
11 York City Sheriff, and two New York City marshals.
12 What I did was not an easy task but was the only way
13 I could keep my company from closing its doors after
14 68 years in business. My greatest fear is if the tow
15 rate increase that is being proposed today is not
16 passed very quickly, that I will not be able to keep
17 up to the rest of the additional costs that my
18 company faces day in and day out. That story only
19 speaks of the challenges of one expense, which is
20 insurance. Today the costs are rising drastically
21 due to minimum wage laws and the skyrocketing costs
22 of living—the cost of living our employees are faced
23 with as well. Rents and property costs in the City
24 of New York have undergone increase that are—have
25 already put small, large and some very famous city

2 landmarks out of business that have in business—been
3 in business for decades like myself. The industry
4 can not just raise its rates when its costs rise as
5 most businesses can. We are forced to seek approval
6 from the New York City Council to raise our prices
7 only after we have experienced our costs rise to the
8 point where many of our colleagues have gone out of
9 business because they could not hold on or come up
10 with an option like I did last year. The future of
11 this small business community and the quality of the
12 services it provides to motorists—motorists of the
13 city of New York are now in the hands of the
14 committee and the New York City Council as a whole.
15 Please do right by this blue collar industry that
16 comes through the help of you constituents in their
17 greatest time of need and support this bill until it
18 is signed into law. The Empire State Towing
19 Association has provided you with several examples of
20 municipalities that have allowed the towing industry
21 to earn a fair living wage by raising the regulated
22 tow rates in their areas. I can personally attest
23 that the cost, that expense to operate within those
24 municipalities are far less than those required to
25 operate a towing company with the city of New York.

2 We have made a compelling argument on how and why we
3 need regulated towing rates that allow us to stay in
4 business because what we have now are clearly the
5 lowest rates in the state of New York and in most
6 cases the rest of the country. I will make myself
7 available to this committee or any of its staff to
8 work together on any matters concerning the towing
9 industry. It is important that we continue to
10 provide the motorists of this great city reliable
11 towing services when they are in a time of need. I
12 hope this administration and this Council's policy in
13 dealing with small businesses—businesses accept this
14 request to allow the towing industry a fair wage as
15 various other municipalities have with input from the
16 towing industry. Thank you.

17 CHAIRPERSON ESPINAL: Thank you, Joseph
18 and Peter. I guess my—my question is I want to go
19 back to your testimony, Joseph, so your—your fleet
20 has shrunk you testified?

21 JOSEPH K. ROBLES: Yes, I was forced to
22 downsize because I wasn't able to afford the
23 insurance. What was the—what was the downsize? What
24 as the number?

2 JOSEPH K. ROBLES: From approximately 30
3 pieces of equipment I operate 18 now.

4 CHAIRPERSON ESPINAL: And you attribute
5 that mostly to the fact that your insurance rates
6 have gone up?

7 JOSEPH K. ROBLES: That happened at that
8 time. On my renewal I had to remove about a dozen
9 plates off about a dozen vehicles and lay of 8 to 10
10 employers.

11 CHAIRPERSON ESPINAL: So are—are
12 insurance premiums going up across the board, o you
13 feel like you're the only one that's been affected by
14 this?

15 JOSEPH K. ROBLES: Well, as Peter
16 testified, there are very businesses—insurance
17 companies that will write tow companies in the city
18 of New York and as I said, I'm up for renewal March
19 1st. I'm currently shopping for insurance, and
20 there's nowhere to go. I've reached out to probably
21 a dozen brokers and no one has any markets other than
22 the ones I've already approached that are willing to
23 come in and write business in the city.

24 CHAIRPERSON ESPINAL: I think—I think
25 there could be some arguments that people can say is

2 that, you know, fuel rates have gone down. You know,
3 the cost of business in other areas has gone down.
4 You know the cost of business in other areas has gone
5 down. It has not been a factor in helping business?
6 Are there any other factors that are also may be
7 affecting the business making it harder for you to do
8 business in the city?

9 JOSEPH K. ROBLES: Well, fuel is
10 definitely a part of our costs. We need the fuel to
11 operate the tow truck, but just, you know, the
12 regulatory compliance for us, the rents and property
13 costs that we undergo and our employees undergo.
14 Employees can't stay employed with us if they can't
15 pay their bills at home. I want to be competitive.
16 I want to see my employees succeed and do well.
17 We've lost, you know, drivers to companies like Uber
18 because they are doing well, but they are not, you
19 know, regulated. They'll raise their rates when it's
20 raining or when it's. They can. We can't. We—we're
21 regulated and—and—and unfortunately we—we're not able
22 to raise our rates in the market when our costs go
23 up, and I think that the three main things starting
24 with the insurance, property, and then the cost of
25 labor. They all drastically increased.

2 CHAIRPERSON ESPINAL: How do the drivers
3 earn their wages? Do you—do you set an hourly rate
4 for them or do they earn a percentage of what's--?

5 JOSEPH K. ROBLES: It's usually an—an
6 hourly rate.

7 CHAIRPERSON ESPINAL: Uh-huh.

8 JOSEPH K. ROBLES: Every company could do
9 it differently, but they also put a commission
10 incentive. It's—it's up to the particular business
11 on how they do things.

12 CHAIRPERSON ESPINAL: You know, I—you've
13 heard earlier and it's been no secret DCA feels that
14 the industry has been—they've—they've been guilty of
15 many predatory practices. Consumers have been hurt.
16 You know, what—do you have any explanation on why
17 it's so rampant within the industry?

18 JOSEPH K. ROBLES: They're citing one
19 particular program or a segment of the business,
20 which enforces private property tows. Where there
21 has been predatory towing. A question that wasn't
22 field, and I think I know the answer is where are
23 enforcement agents in the field. If there really is
24 a problem with this on particular segment, which is
25 only one part of the rate we're asking. How—why

2 doesn't the--the department have enforcement agents
3 out there to enforce the regulations. All this is
4 being done from the desk. So whoever complains
5 they'll slap on the hand like you said, a company
6 could just change their name and move on. A driver
7 can't. A driver has to protect that license. So,
8 they could provide for their family. They're not
9 changing the way they do things, which is why this
10 goes on year after year after year.

11 CHAIRPERSON ESPINAL: So you think it
12 would be way more effective to go after the actual
13 driver than going after the company?

14 JOSEPH K. ROBLES: Well, if I have a
15 company and I'm a road operator, and you just put me
16 out of business, I go open up under Peter's name. But
17 if I'm a driver, and I'm being asked to act in a
18 rogue way by my--I'm going to make you the bad guy,
19 Peter because he's the bad boss. I have to worry
20 about being able to provide for my family. If I lose
21 my license I won't be able to do that. I'll--I'll be
22 more responsible. I won't do what Peter tells me to
23 do because I could lose my license. Peter says don't
24 worry, do--do what you have to do there. I'll pay the
25 fines and we'll change our name and we keep going,

2 and again this is just one small part of the—the
3 licensed industry. The Department comes and
4 testifies how bad the industry citing the same thing,
5 the same predatory towing, the parking lots, this and
6 that. We're talking here about rotation tow, DARP
7 tow, arterial tow, okay, and it happens to be part of
8 the bill. The private property parking towing, but
9 we're not going to be able to provide the quality of
10 service we do to motorists that are in need, and
11 they're broken down by the side of the road, or
12 respond to accidents and—and clear them up quickly so
13 the police could get back to their job. If we don't
14 have a fair living wage because there's one segment
15 that's doing predatory towing that the department
16 doesn't make any changes in their policy to combat.
17 Now, I think, you know, your point of regulating
18 drivers or holding them more accountable, I don't—I
19 don't think a driver is going to continue this
20 predatory practice if his—he may lose his—his—his
21 license that allows him to provide for his family.
22 And certainly this—this committee and City Council
23 should not hold up a fair wage for the rest of the
24 industry that may not even do preda—private property
25 towing. It's not a requirement. That's—that's

2 something that a company decides to do or not do.
3 And many of the people in the industry don't do it
4 because it's inherent with problems, and it's -it's
5 the Department's pet peeve to go after them. You
6 stay off of that. You leave the DARPS into your road
7 tows, your-your consensual towing and, you know, you
8 won't have any problems because that's all they-they
9 do is enforce what people call in about. They don't
10 have any field enforcement that I've seen.

11 CHAIRPERSON ESPINAL: Okay. [pause]

12 Well, we've been joined by Julissa Ferreras-Copeland
13 from Queens.

14 COUNCIL MEMBER FERRERAS-COPELAND: Thank
15 you. I actually more of just a brief statement as
16 opposed to a question. I just wanted to acknowledge
17 that the work that's done by this industry is very
18 important especially for homeowners. I represent the
19 areas of Corona and Jackson Heights and East
20 Elmhurst, which borders La Guardia Airport and often
21 times we find either workers from the airport of just
22 people that area not familiar with the area that
23 leave their cars in people's driveways. It's
24 incredibly frustrating, and it's probably the top-
25 part of the top five complaints that I get in my

2 office. So I think this is a responsible piece of
3 legislation and it really is not only to support the
4 industry because of the increases that are necessary,
5 but I also hope that it deters people from breaking
6 very, very clear rules. You don't park in people's
7 driveways. You don't park in garages that are
8 private. So I just wanted thank the chair for
9 proposing this piece of legislation, and I look
10 forward to voting it up. Thank you. [applause]

11 CHAIRPERSON ESPINAL: Thank you. Thank
12 you. We're also joined by Antonio, who is not in the
13 committee but he's a not neighbor and a friend.

14 COUNCIL MEMBER REYNOSO: Thank you Chair.
15 Just for some background, Council Member Diana Reyna
16 about I want to say seven or eight years ago was
17 working on this issue back then, and almost the same
18 questions and the same concerns that are brought up.
19 And I think that so long as we're responsible for
20 increase, it's always going to be something we have
21 to tackle and we have to deal with, and we have to
22 take into consideration the cost of living adjustment
23 and inflation, and also insurance and other costs
24 that go up for this business the way it goes up for
25 any other business. So, you know, it's not easy.

2 It's not an easy subject to tackle, because it's
3 increasing fees or from—and people feel very
4 uncomfortable for that, but when you look at the
5 bigger picture and talk about equity, and how we do
6 business in the city of New York, this is one agency,
7 one industry that kind of falls out of it. I do
8 think and I said it back then when I was the Chief of
9 Staff working on this issue and I'll say it again
10 now, that we have to consider a process by which
11 through COLA, Cost of Living Adjustments or the rate
12 of inflation in the city of New York that you receive
13 your increases that way, and not necessarily having
14 to come to a vote every single time. But until that
15 time comes, I am more than happy to continue to
16 assist the industry in making sure they got their—
17 their fair share. So I'm also someone that would be
18 supportive of this bill, Council Member Espinal, and
19 again thank you for your leadership on this issue. I
20 mean I really don't have anything to say. I feel
21 like I'm a mini-expert in this industry given all the
22 work I did under Council Member Reyna. So, I'll
23 continue to do that as a Council Member now. So
24 thank you. [applause] No clapping, no clapping.

2 CHAIRPERSON ESPINAL: Alright, I guess
3 that's it. Thank you guys. I'll call up the next
4 panel.

5 JOSEPH K. ROBLES: Thank you.

6 CHAIRPERSON ESPINAL: Yes. Let's call up
7 John Corlett from Triple A. [pause] Whenever you're
8 ready, can you state your name and give your
9 testimony. [pause] Turn your mic on.

10 JOHN CORLETT: Oh, I'm sorry. My name—
11 good morning. My name is John Corlett. I'm the
12 Director of Government Affairs and Traffic Safety for
13 Triple A Northeast. We serve over 570,000 members
14 residing in the five boroughs of—of New York City and
15 5.2 million in—region wide. We also have a fleet in
16 our territory of about 320 vehicles, and I'd like to
17 thank the Committee Chairman for inviting us and
18 holding this hearing, and I—I'd also like to say
19 hello to Council Member Karen Koslowitz. Many, many
20 hears ago as a young man I appeared before your
21 committee often and testified on many of the same
22 issues that we're going to discuss today. [laughs]
23 Our organization opposes the proposed increases in
24 non-consensual towing rates as proposed by Intro
25 1173. Triple A believes that the increases are not

2 justified exceeding both regulated rates in
3 neighboring jurisdictions and the prevailing on-the-
4 street rates in the city of New York, which I'm told
5 by our Automotive Services Director John Africano are
6 in the range of about \$80 right now. So, I'm not
7 going to get into the non-consensual verse consensual
8 telling rate issue. That was supped well in the
9 Committee Briefing Report. We know that under
10 federal law intrastate telling the rates of
11 consensual cannot be regulated or non-consensual
12 rates can be regulated. To get back to the rate
13 increase, the \$225 rate would be far higher than the
14 rate charged by surrounding municipalities. For
15 example, the first mile rates are \$125 in town of
16 Hempstead and the city of Yonkers. \$95 in the town
17 of Oyster Bay and only \$80 in the New York State
18 Throughway. It would defy common sense for a break
19 down tow that costs \$80 on the throughway just north
20 of the city line, but costs \$225 once the vehicle
21 hits the major Deegan Expressway out by-in Courtlandt
22 Park. We appreciate that adequate rates are
23 essential to the livelihood of the towing industry.
24 However, an 80% hike far exceeds the rate of
25 inflation. According to the National Consumer Price

2 Index, the compounded inflation rate from December
3 2011 through 2016 was 7% with lower increases for
4 vehicle related expenses. Gas prices, as we all
5 know, are significantly cheaper now than they were in
6 2011, the last time that a towing rate increase took
7 effect. More importantly, the incomes of New Yorkers
8 have certainly not risen by 80%. Between 2011 and
9 2015 the income—the median income of a single
10 occupant vehicle commuter living in the five boroughs
11 increased by 5.3%, and I always like to point out
12 that according to census data, 320,000 vehicle
13 commutes in the city of New York earned—earn under
14 \$35,000 a year, which kind of defies the conventional
15 wisdom that we always hear that everybody who drives
16 in New York City is rich. In our view, the purpose
17 of regulating non-consensual telling rates is to
18 shield consumers from exorbitant charges not
19 participate in setting them. So in short, we believe
20 that an 80% hike to \$225 for the first mile is
21 excessive and contrary to the city's Consumer
22 Protection Mission. And I'd also like to address
23 what Mr. O'Connell about the consumer—the Tow
24 Advisory Board. The last time that the Tow Advisory
25 Board convened I think it was about 10 years ago. We

2 served on the board. Our representative was John
3 Africano, and I appreciate Peter's comment. You
4 know, Mr. Africano has impeccable credentials and
5 integrity, and this is the first time I heard there
6 was an issue with vetting. We served on the board
7 as-represented consumer interests, and I-I think it's
8 way overdue, as Councilwoman Koslowitz said, it seems
9 like we have the same conversations year after year.
10 Maybe now decade after decade. The purpose of the
11 Advisory Board is to kind of bridge the gap between
12 the industry and-and the Administration. It sees
13 like we're still like, you know, adversarial-the
14 adversarial relationship is unchanged and I know I
15 puts the Council in the position of always trying to,
16 you know, negotiate or, you know, legislate all these
17 issues. I think it's way time that the Tow Advisory
18 Board was reconstituted to discuss-discuss issues
19 like a rate increase or maybe where the violation
20 should go instead of, you know, putting you-you
21 always in the middle of these debates so-

22 CHAIRPERSON ESPINAL: Thank-thank you,
23 John. So you straight out oppose an increase or do
24 you just oppose the-the increases that are being
25 proposed by the bill?

2 JOHN CORLETT: Again, I don't want to get
3 into-into a battle of towing rates. We put together
4 our own list of surrounding areas and-and towing
5 rates. I know Mr. O'Connell did the same thing. I'd
6 say we could have a conversation about it. Right
7 now, as it stands we oppose the \$225 rate.

8 CHAIRPERSON ESPINAL: Alright, thank you.

9 JOHN CORLETT: Okay.

10 CHAIRPERSON ESPINAL: I appreciate it.

11 JOHN CORLETT: Thank you.

12 CHARLES GAMPERO: My name is Charles
13 Gampero from Jets Towing, Incorporated. Me, too, the
14 same as Joey Robles. We've been a family owned
15 business for three decades, three generations. First
16 I'd like that deception of the tow truck driver or
17 the tow truck industry is a powerful deception. You
18 have these men, women, children all hours of the day
19 and night going out there. They're risking their
20 lives for the-for the community. It's-it's overly
21 underappreciated. I don't understand, you know, some
22 of these people are sitting behind their desks. When
23 they're broke they look for us. I didn't prepare a
24 speech, because I didn't intent on speaking today,
25 but some of the things I had heard while I was here

2 struck a cord and I decided to. My insurance
3 increased by over 150% over the last three years.
4 Fuel yes, fuel is down, but if we compare it to some
5 of the other municipalities Nassau County did an
6 increase. Nassau County's fuel is cheaper than ours.
7 Nassau insurance is cheaper than ours. Nassau
8 County's property is cheaper than ours. I'll even go
9 one step further to say if you trade in a truck from
10 a Nassau County company you get a better trade value
11 than you do from a city company, and that's a fact.
12 The wear and tear is higher in the city. The cost of
13 living for our employees is much more. I have
14 employees coming in from Jersey because they can't
15 live—afford to live in the city. They're not
16 calculating in the fees, the tolls. We try and
17 compensate them, try and, you know, help them afford
18 to support a family, which I believe every man and
19 woman deserves. As far as the risk that these men
20 take, we lose more operators every year than the
21 police and the fire department combined. That is far
22 forgotten about, and it shouldn't be, and I'm
23 speaking on behalf of being an owner/operator. I'm
24 out there just they are. I don't expect my men to do
25 anything that I wouldn't do, and—and I believe it

2 should be appreciated. It should be addressed. I
3 don't think that we could compensate our men the way
4 we—they deserve to be compensation. That's—it
5 horrible. As far as the private property, my company
6 is not involved with that. We've never done it. So
7 I don't know much about it to address it. Again,
8 I'm—I'm willing to assume that the majority of the
9 complaints that they're hearing against this industry
10 is probably bundled under that segment of the
11 industry. I—I would like to see the numbers to see
12 if it's certain companies that have a ubiquitous
13 amount of complaints due to that. Again, I'm not
14 knocking the Department of Consumer Affairs. You
15 know, it's a tough job for them to do. There's a lot
16 of corporations out there in this industry, but I
17 don't think you could strike against all the towers
18 out there. I mean you're turning around and you're
19 singling out everybody over the things that I'm not
20 involved with it. I don't believe Joey is even
21 involved with it. A lot of the bigger companies
22 aren't involved with it. We have 27 trucks on the
23 road. It's almost impossible to pay my insurance
24 premium. It's that hard. It's insane. [pause]

2 RALPH GONZALEZ: Good morning
3 distinguished Chairperson Espinal, and distinguished
4 Committee Council Members. I come here before you
5 today to urge you to support Intro 1173 in relation
6 to increasing the maximum towing on non-consensual
7 towing as it applies to the following situations:

8 1. Private parking lots where warning
9 signs are clearly posted with whom is allowed to park
10 there and under what conditions. Usually while
11 shopping at the establishment and for how long. These
12 signs are posted as part of the rules and regulations
13 already established by the Department of Consumer
14 Affairs, who has been give a list of all lots that
15 the company services.

16 2. Driveway tows where motorists park
17 illegally in a driveway and a police officer has
18 written a summons for the violation and a specific
19 request has been made for the towing company by
20 either the property owner or the tenant renting the
21 property.

22 3. The Directed Accident Response
23 Program set up by the Council back in 1989 for the
24 orderly removal of vehicles involved in accidents
25 that cannot safely drive from an accident scene and

2 enforced by the New York City Police Department and
3 the New York City Department of Consumer Affairs.

4 4. Arterial highways where approved
5 companies hold the contract with the city of New York
6 and pay a substantial fee to the City of New York for
7 the exclusive right to have a franchise to service a
8 particular highway or parkway. The services we
9 provide in relation to the Directed Accident Response
10 Program are unique in keeping the streets and
11 intersections clear of accident vehicles not only for
12 emergency vehicles to get through the blocked streets
13 and intersections, but also for the everyday motoring
14 public who would otherwise be stuck in horrendous
15 traffic jams. We are required by regulation to
16 provide this service on a rotation basis 24 hours a
17 day 7 days a week 365 days of the year regardless of
18 weather conditions and to respond to accident scenes
19 within 30 minutes of getting called by the 911
20 operator after a police officer initiates a request
21 for towing of said accident involved vehicles. By
22 Consumer Affairs rules and regulations if we refuse
23 to a call for service or if our telephone rings busy
24 or goes unanswered for whatever reason more than
25 three times in a six-month period, Consumers Affairs

2 can and has levied fines of \$1,500 and suspension
3 from the program for up to 30 days. Additionally,
4 more often than not these accident vehicles are
5 without keys and/or locked together and require
6 additional time and labor or are embedded in a
7 building or storefront or into a fence or other
8 object requiring additional labor and time of which
9 we are currently not being properly compensated for.
10 Our cost of doing business in the city of New York is
11 constantly rising every year without fail inasmuch as
12 truck insurance, fuel, maintenance costs, labor
13 costs, and the actual equipment itself, which must be
14 replaced periodically the same as any fleet like
15 police cars, ambulances, fire trucks, taxi cabs, et
16 cetera, et cetera. Additionally, the cost of rent,
17 property insurance, utilities such as water and
18 sewer, Con Edison for gas and electric, telephone,
19 property taxes, which even if you rent gets passed
20 along in commercial leases for the renter. We very
21 simply cannot continue to provide excellent services
22 around the clock without additional funds, which in
23 other businesses are always passed on as need be. It
24 is, therefore, that I urge you all to please approve
25 this increase so this industry can continue to

2 provide these much needed for both the city of New
3 York and to the motoring public. I thank you for
4 your time here today and listening to me and for all
5 considerations to this matter now and in the future.
6 Respectfully, Ralph Gonzalez.

7 CHAIRPERSON ESPINAL: Thank you, Ralph
8 and you have a great name I have to say, but before
9 we go to the next testimony, I have a quick question.

10 RALPH GONZALEZ: Certainly, I will--

11 CHAIRPERSON ESPINAL: [interposing]
12 What's--what's the fee you pay for--to be part of the
13 DARP system?

14 RALPH GONZALEZ: To be part of the DARP
15 program I believe--let's see, if I remember correctly
16 it's \$300 per truck plus they started a couple--a
17 couple of years ago charging us \$50 per truck to
18 inspect the truck, which I always felt was part of
19 the reason we're paying them the \$300.

20 CHAIRPERSON ESPINAL: So it's \$3--\$300
21 per truck?

22 RALPH GONZALEZ: Per truck plus \$50 to
23 have your vehicle inspected at the--every--every--they
24 used to hand out the medallions okay when--when the
25 consumers--when the Police Department licensing went

2 to Consumer Affairs. Once you paid them the fee at
3 the Consumer Affairs and you showed them all the
4 proper insurance, registrations and everything, and
5 then you install the medallion in your truck. About
6 three or four inspections before this year, they
7 started with this new thing of bringing the truck-
8 taking the trucks out of service and bringing them to
9 Brooklyn, all at the same time so that they can all
10 be inspected by the Department of Consumer Affairs
11 just to make sure I guess that the lettering and the
12 inspection sticker and everything was on. Then they
13 started charging us \$50 for that inspection. So now,
14 we have take the trucks out of service and go down
15 there. If you will, I would like to address one
16 thing that really strikes a cord with me, and I want
17 the committee to be fully aware of. This so-called-
18 this so-called predatory towing from parking lots.
19 We-our-our revenue is less than 1% from the lots that
20 we service, and all of them like major banks, a
21 couple of major banks that we service came to us
22 knocking on our door. We don't go out looking for
23 this type of work because it's quite frankly-it's-
24 its' very time consuming and aggravating. The reason
25 that these people are getting towed okay is because

2 they're using lots, okay where they're not shopping
3 at the lot. They're using the lot as their person
4 parking space. If I went to your driveway at 8
5 o'clock in the morning, 7 o'clock in the morning,
6 parked my car and inside your driveway not on the
7 street blocking it, and then just decided to go to
8 work and come back at 7 o'clock. If these people
9 would obey the rules and regulations and respect
10 private property of which the owners are paying very
11 high costs for property taxes, insurance, okay, and
12 mortgage and interest on the property. They wouldn't
13 be in this situation. Okay. Consumer Affairs has
14 guidelines where the signs have a warning signs that
15 have to be five inches in red letters. The few lots
16 that we service all comply and have all these signs,
17 and people still continue to park there, and that's
18 why they're getting towed. And there's always a few
19 bad apples in any industry, but I can assure that if
20 somebody comes while we're—we have the car physically
21 attached to the truck and they are—they can prove
22 that the car is theirs by a registration or a
23 driver's—and a driver's license that we immediately
24 drop the car, allow them to pay half the fee as to
25 what the regulation is, which is \$62.50 plus the tax

2 that we have collect for the City of New York, okay,
3 and they can pay with a credit card. Okay, we
4 followed along the regulations to a T okay, and there
5 may be a few bad apples there granted, but you can't
6 penalize the whole industry for a few bad apple, and
7 plus there's a lot of people that don't do that. We
8 ourselves were thinking of giving them all up because
9 the people are always crying and coming up with
10 excuses how they shop. What they do is they shop in
11 the store, they buy something like a Coca-Cola or
12 they make a deposit at the bank, and then they leave
13 the car there for four or five hours and go all over
14 the place. Now, if you were a property owner, it's
15 affecting you because small parking lots, okay, your
16 customers can't come and shop and spend money in your
17 store because they give up when they have no place to
18 park in your parking lot. So you have to look at the
19 whole picture and understand that this private
20 parking situation is, and I just wanted to bring that
21 to your attention.

22 CHAIRPERSON ESPINAL: Thank you. Well,
23 now that we're on that subject, is there any way that
24 we can make the signs clearer to the consumer saying

2 these are the rules. This is--this is what you can't
3 do.

4 RALPH GONZALEZ: Okay.

5 CHAIRPERSON ESPINAL: So that people
6 understand what they can fall victim to whether there
7 is a predatory--it an incidence of a predatory
8 practice or whether they can leave their car there to
9 go shop. Is there any way we can make that sign
10 clearer so they can know what their rights are?

11 RALPH GONZALEZ: It's an excellent
12 question, Chairman Espinal. It's n excellent
13 question and I wish--if I knew I was going to propose
14 that question, I would have brought one of my signs.
15 The--the average sign okay, if it complies wit the
16 Department of Consumer Affairs Rules and Regulations,
17 which it should, it's this big. Okay, the sign is
18 horrendous. Okay, it starts off with five-inch
19 letters in a white background in red ink saying
20 WARNING and then it's followed by I believe 1-1/2
21 inch letters in black that say PRIVATE PARKING LOT.
22 Okay, it-it specifies who is allowed to par there.
23 Like for instance customers of Chase Manhattan Bank
24 while banking on premises. It states that you are
25 only allowed to park there while you're on the

2 premises that the rules are enforced 24 hours a day,
3 7 days a week. It specifies okay, the charges of
4 \$125, which is the current rate if your car gets
5 towed, and you're actually—under this program, which
6 nobody has brought up, it's the only program where we
7 are compelled to keep the car for three days for fee.
8 I t's an excellent—it's an excellent deal. If you
9 park in—if you park—if I park in your private parking
10 lot, I can leave it there for three days and come—if
11 I park it there Monday morning at 8 o'clock in the
12 morning, I can come on Wednesday at 4 o'clock and
13 pick up the car for \$125. That's a bargain. It
14 almost encourages people to park illegally. Okay.

15 CHAIRPERSON ESPINAL: You're a wise guy,
16 Ralph. [laughs]

17 RALPH GONZALEZ: No, I'm just stating it.

18 CHAIRPERSON ESPINAL: But just—just
19 quickly, you know, what if—what if we created a
20 second sign saying, you know, if—if a tow truck
21 driver is telling you that to pay him cash or—or
22 offering you other sort of deal that's not legal, you
23 should report this to 311 or—or not pay them at all.

24 RALPH GONZALEZ: I wouldn't be opposed to
25 that, but let me further state, and I'm going to

2 provide the Council Members with—with a copy of the
3 sign. Okay the sign also states very clearly what
4 the rates are. It's \$125 for the tow. It includes
5 the first three days of storage. Then after that
6 they add insult to injury. The storage rate is only
7 \$15 a day after that. Not like the other programs.
8 Furthermore, it has a drop fee of \$62.50 and it also
9 has the name of the company, the address, the hours
10 to redeem the vehicle, the phone number of the
11 company and it says complaint number. It has to state
12 complaint number. The Department of Consumer Affairs
13 complaint number 311. So most of the information I
14 believe that you are--just suggested is already on
15 the sign. It's on the sign already.

16 CHAIRPERSON ESPINAL: Alright, thank you.
17 We're going to go to the next.

18 RALPH GONZALEZ: Thank you, very much.

19 CHAIRPERSON ESPINAL: Thank you.

20 NORMAN TITELER: Good morning. It's still
21 morning. My name is Norman Titeler (sp?). I'm the
22 Executive Director of Cabs (sic) Consulting Group and
23 we represent the majority of towing companies based
24 in New York City. I strongly support Intro 1173 and
25 the raising of non-consensual towing rates. There

2 are several issues this intro does not cover, some of
3 which I will address in my testimony. I know that
4 the staff distributed my testimony. They also
5 distributed a larger booklet, which is justification
6 for the rates I'd like talk about right now, but I
7 gave it to you and the other committee members so
8 they can read it at their leisure. There are
9 approximately 550 towing companies licensed by
10 Consumer Affairs in the City of New York. As of
11 today, there are 321 companies on the DAR Program.
12 There are six arterial towers, and there are
13 approximately only 15 companies who do private
14 property towing in the City of New York as a bulk of
15 their business. The reason Consumer Affairs and
16 industry historically doesn't get together is
17 Consumer Affairs doesn't want to hear industry's side
18 of the story. I would like the chairman of this
19 committee to ask the Department of Consumer Affairs
20 to show you a DOI report on anybody who was
21 recommended to sit on its Tow Advisory Board who was
22 rejected. Every single towing company owner passes a
23 background check is fingerprinted by Consumer Affairs
24 before they are given a license to tow. The
25 attorneys who were recommended to sit on this Tow

2 Advisory Board are licensed by the Bar Association in
3 the City or State of New York. The insurance
4 representatives as far as we know are impeccable and
5 layer of reputation. I would find it hard to believe
6 that DOI finds any of these people incompatible with
7 sitting on a board that only does one things: Talks
8 to DCA staff and recommends and has a give and take.
9 There's no confidentiality. They're not performing
10 any tasks. There's not money that transacts hands.
11 I cannot believe DOI has rejected anybody, but since
12 I don't have access, I advise the Chair to request
13 from DCA to see one of those reports of somebody who
14 was rejected. We talk of a lot. AAA spoke about it,
15 other people who oppose the rate increase say the
16 rate of inflation has only been 2%, 3%, 4%. While
17 that may be true, the rate increases that this
18 industry is faced with has nothing to do with the
19 rate of inflation. A tow truck in 19—in 2011 was
20 \$65,000. Today it's \$90,000. Tow truck insurance
21 was \$5,000. The truck now is almost \$12,000 to
22 \$14,000 at a minimum a truck. Gasoline may have gone
23 down recently, but diesel fuel is still above \$3.00
24 or \$3.50. So the rate increase have nothing to do
25 with inflation. There is not doubt the towing

2 industry needs the rate increase to simply remain in
3 business and pay their employees and their bills.

4 What is the private towing industry in New York City?

5 They are citizens of the city of New York. They are

6 taxpayers of the city of New York. They are all

7 voters in the city of New York. They are employers

8 and business owners and emergency first responders

9 without which the city could not function. If the

10 towing as a whole for one day refused to tow in the

11 city of New York, traffic would come to a standstill.

12 The time has come to after many, many years after

13 tremendous increases in all the operating costs of

14 the towing companies in this cities, or the rate

15 increases called for in this bill to become law. We

16 favor and all of our members are fully in favor of

17 quick and early passage of this piece of legislation.

18 The last rate increase became effective in January of

19 2012, five years ago. At that time and even today,

20 New York City charges \$185 to tow a vehicle parked

21 improperly on the city streets. Towing a vehicle

22 from the scene of an accident is dangerous and much

23 more labor intensive. How can the city continue to

24 justify this rate disparity? The amount towers are

25 paid when they return a road tow, a recovered stolen

2 vehicle to the police pounds, has not increased in
3 more that 30 years. Yes, you heard me right. 30
4 years. This must be addressed now. It's not
5 addressed in this bill. The cost of insurance for
6 tow trucks has skyrocketed, not increased,
7 skyrocketed. The price of towing equipment has
8 doubled. The payroll for tow truck drivers and the
9 related expenses have increased partially due to much
10 higher health insurance premiums, sick pay mandates
11 from the City Council and a higher minimum wage.
12 Nonconsensual towers have to maintain a minimum
13 amount of storage space in order to participate in
14 programs. The cost of renting property in New York
15 has vastly increased over the last five years. We
16 have almost no tows based in Manhattan. Why?
17 Because there is no property they can be in and
18 afford to be there unless they own the property
19 themselves. Justifying an increase in the storage
20 rates. The town of Hempstead in Nassau County and
21 many other major cities with a lower cost of living
22 than New York City have towing and storage rates
23 higher than what the current we're allowed for in
24 this city. This current intro fails to address
25 several major issues. It doesn't set a labor rate.

2 It doesn't set a storage rate for arterial tow. It
3 doesn't raise the rate for arterial towing of trucks,
4 and the pricing when PV ROTOWs larger tractor-
5 trailers among other vehicles. There are other
6 technical issues that this committee must address.
7 Through the Federal Court decision, some of the
8 present laws on the books are no longer enforceable.
9 And must be removed. This has resulted in police
10 officers issuing erroneous Criminal Court summonses,
11 towing companies having to hire attorneys, only to
12 have the court dismiss those tickets. Between this
13 hearing and hopefully a second of this bill, I expect
14 and hopefully will be able to work with the Chairman
15 and members and counsel to this committee to insert
16 the needed changes so that the issue of rates can be
17 resolved at this time when it's so greatly needed by
18 this industry. One other significant issue must be
19 addressed by this committee. I ask you directly now
20 that a bill be worked on and be introduced that
21 allows the 68,000 businesses licensed by the
22 Department of Consumer Affairs--towing companies
23 being only one category--the right to either sell
24 their business, take in a partner or sell a portion
25 of the shares in their business to a new investors so

2 they can expand and hire new employees without having
3 to forfeit their current license and start a new. He
4 Department of Consumer Affairs does not—does not
5 approve changes even though the law provides that the
6 Commissioner has that discretion of changes above
7 10%. So if you go—if I'm a father, and my son has
8 been working in my business for 25 years, and I want
9 to leave and give my son the business, he has to
10 start anew, which means if I'm on DARP, if I'm ROTOW,
11 if I'm on Arterial Tow, which must be licensed for a
12 certain length of time, I lose all that even though
13 If I wanted to take in partner who already has been
14 approved by Consumer Affairs and owns—owns another
15 company, and we decide to merge. I don't know if he's
16 going to give me 50% of his company or he's going to
17 take 50% of my company. We can't do that. We could—
18 when—from 1987 to approximately when Johnson Mince
19 and for some reason under Commissioner Mince the
20 rules changed. They must be addressed because
21 they're hurting everybody who's licensed by—in this
22 industry. And finally, I ask the City Council to
23 pass a resolution, not a law, a resolution that
24 addresses the Move Over Law within the city of New
25 York. On the average, during every single week in

2 the United States including New York State, a tow
3 truck driver is killed performing their services to
4 the motoring public. As Charlie testified there are
5 more--this is more than all police officers and
6 firefighters combined killed in the line of duty.
7 Drivers of vehicles must be aware that our city
8 government backs the concept of drivers moving over
9 for emergency vehicles on the side of the road, the
10 Police Department must be urged to enforce New York
11 States Move Over Law. It doesn't take a law just a
12 resolution that the committee recognizes that people
13 are dying while performing their trade assisting the
14 motoring public. In conclusion, I want to personally
15 thank each of you for your support of our industry
16 and for voting for passage of this legislation that
17 is so urgently needed by private towing industry of
18 New York City. [pause] Oh, one other thing you had
19 asked about. In order to participate in DARP besides
20 the cost of a medallion, which is \$600--let's say \$600
21 every two years, which is basically \$300 a year, you
22 pay \$50 each time your tow truck is inspected, but
23 you also must pay \$300 a year to be part of the DARP
24 program. Those are additional things.

2 CHAIRPERSON ESPINAL: Well, thank you.
3 Thank you. A very insightful testimony. Thank you
4 Charles also. I heard the sentiment of your
5 testimony and I—I understand where that's coming
6 from. Do you have any questions? No. I think
7 that's it. Yes, I appreciate it. With that said,
8 you know, we've heard all sides. We've heard from
9 DCA. We've heard from the industry. There—there are
10 still a lot of issues to resolve, and so the common
11 theme is that the rising costs in the city is—is
12 making it necessary for the industry to receive some
13 sort of increase in—in their rates, and some, you
14 know, we're going to take time as a committee to—to
15 look back at all the testimony and—look at ways we
16 can amend this bill and probably incorporate new
17 legislation. So thank you all. Thank you for being
18 here. [gavel]

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1 COMMITTEE ON CONSUMER AFFAIRS

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date February 27, 2017