



Date: March 16, 2023

To: Mark Williams

From: Tony Green, Deputy Ombudsman

RE: Towing contract

The Office of the Ombudsman has received multiple complaints about towing cases and towing practices over the years. We have worked with PBOT to successfully resolve individual cases and adjust policies to address fairness and equity issues. We appreciate PBOT's receptiveness to our recommendations and the opportunity, in the context of discussions on a new towing contract, to share input that may inform PBOT's efforts to make towing practices more fair.

Two issues have arisen on multiple occasions from community members who contacted our office: 1) What happens when a tow company does not accept ownership documents? 2) What happens when a towed vehicle is auctioned off, but there are still outstanding storage and tow fees? We believe both of these questions raise important equity issues that should be addressed going forward.

Background

According to official data, the City of Portland ordered more than 20,000 vehicles towed from the public right-of-way in 2022 because they had been dumped by thieves, met the definition of abandoned, or were parked illegally. Most of the vehicles were recovered by their owners after paying towing and storage fees. But 6,700 were sold at auction because the owners did not pay or could not afford the fees. Nearly 600 of these had been reported stolen.

Reclaiming a vehicle prior to auction requires ownership papers. Both ORS Chapter 819 and Portland City Code Title 16 say a towed vehicle may be reclaimed by presenting "satisfactory proof of ownership or right to possession." There is no further definition of what constitutes satisfactory proof. In practice, tow companies determine whether the paperwork is acceptable.



In the experience of the Ombudsman, this has led to unfair results, specifically tow companies refusing to release vehicles to their rightful owners.

If an owner doesn't or can't pay and the vehicle is sold, that may not be the end of their financial obligations. ORS Chapter 819 states that the owner of a towed vehicle is "liable for all costs and expenses incurred in the towing, preservation and custody of the vehicle..." If the towing and storage costs exceed the auction sale price, the tow company can legally bill this amount to the owner and eventually turn the case over to collections. The Ombudsman has received complaints in cases when tow companies use the threat of collections prior to auction to try and obtain additional money from owners. The Ombudsman believes it is unfair to charge folks who have lost their vehicles, including nearly 600 victims of car theft, for additional fees and possible collections efforts.

Records on auction sales are not consistently maintained. However, the Ombudsman was able to find multiple examples of vehicles that were sold for far less than the accumulated towing and storage fees. Of the 6,700 towed vehicles sold at auction, total fees were nearly \$9 million. Available records do not allow a calculation of the total amount of outstanding fees after auction sales, but it is reasonable to infer that vehicle owners were on the hook for millions of dollars even after their vehicles were sold. In the Ombudsman's experience, most people who do not recover their towed vehicles face financial difficulties. Losing their vehicle is a hardship. The prospect of additional charges and collections makes a bad situation worse.

Refusal to release: case examples

██████ car was towed in 2021 because she parked it in front of a fire hydrant in the South Macadam neighborhood. She went to the tow yard and attempted to pay the towing and storage fees, but the tow company said the salvage title wasn't sufficient to prove she owned it. Emmy appealed the tow. The Hearings Officer ruled the tow was legal, but they also accepted her ownership paperwork as sufficient to consider the appeal. ██████ sought the assistance of the Ombudsman in getting her car back. The Ombudsman worked with PBOT, and the tow company eventually agreed to release the vehicle to ██████.

██████'s 2013 Honda Pilot was towed in January from St. Johns because it was partially blocking a driveway. ██████ went to the tow company to retrieve it. The tow company would not accept his bill of sale as sufficient proof of ownership. ██████ appealed the tow. The Hearings Officer accepted the paperwork as sufficient proof of ownership for purposes of the appeal but ruled that the tow was legal. ██████ reached out to the Ombudsman. PBOT requested that the tow company accept ██████'s paperwork, but they refused.

Recommendation: The Ombudsman understands that PBOT is proposing to add contract language that would allow the City to tow a vehicle from a tow company lot if the City is

satisfied with the sufficiency of the ownership documents. The owner could then reclaim it. The Ombudsman agrees that this seems reasonably likely to resolve this issue.

Collections: case examples

████████ PT Cruiser was stolen in April 2022. Before she could report it to police, the vehicle was towed from the private parking lot of an apartment complex in St. John ██████████ an elderly woman who lives on a \$940 monthly Social Security check, could not afford to pay the towing and storage fees, which were \$191 plus \$28 a day. The tow company sold the vehicle at auction on May 17.

Three weeks later, ██████████ received a letter from the tow company. The vehicle sold for \$600. The total charges at time of auction were \$1,819.16. She owed the tow company \$1,219.16. The letter stated: "If (we have) not received a response from you in 30 days, we will proceed with collections."

████████ was working multiple jobs, including one out of state. She owned a 1998 Nissan Altima and a 1994 Toyota Tercel. Both were parked on a grassy strip in front of her house that she had mistakenly thought was on her property. One had a flat tire and the bumper was falling off. The other had expired registration. The City ordered both vehicles towed from the public right-of-way because they met the legal definition of abandoned. When ██████████ received notice of the tows, she called the tow company from out of state and said she could not come in person to pick them up and by the time she returned to Oregon she would not be able to afford to pay the fees. The tow company told her they would sell the vehicles. They also said she would have to pay something or they would come after her for the difference between the auction prices and the fees. ██████████ called the Ombudsman. At the Ombudsman's recommendation, PBOT asked the tow company not to pursue any additional charges. They agreed. The vehicles eventually sold for a total of \$300. Had the Ombudsman not intervened, ██████████ would have been liable for nearly \$3,500.

Recommendation: PBOT should require tow companies involved with City-ordered tows to agree to forgo additional fees beyond the auction price.

