

PRESS RELEASE

California Tow Truck Association Opposes City Owned Vehicle Impound Facilities

Palm Springs, CA – August 3, 2009 – Responding to concerns of California Tow Truck Association (CTTA) members regarding cities and counties competing in what has been considered private sector business by establishing government operated towing and/or storage facilities, the CTTA Board of Directors is taking a strong stance in opposition to this unfair competition and is currently exploring all avenues to assist privately owned towing companies in California to combat this growing trend.

Many towing companies have invested hundreds of thousands and in some cases millions of dollars purchasing equipment, land, and facilities to comply with the requirements to tow for cities and counties under current contracts. In a misguided attempt to generate additional revenue, it appears that these same cities and counties are willing to use tax dollars to purchase equipment and land to compete in the private sector, thus taking away substantial revenue from the towing companies who have been providing these services for many years. Many of these towing companies have operated their business successfully for decades and now are faced with competition from misinformed public entities that have no proven track record of successfully operating their own towing and/or storage facilities.

CTTA President, James Kruger stated, "It is simply a bad idea for cities and counties to compete with private enterprise. Also, it is highly unlikely that cities and counties will be able to provide these services as efficiently as our companies have been providing them for decades." Mr. Kruger also observed, "Cities are under the false impression that towing and storage is a risk-free revenue stream. The truth is, they will have increased payroll to staff the facilities, increased liability, and increased training costs to comply with all of the State and Federal motor carrier and safety regulations."

"This idea is bad for the local economy," declared Jeff Hunter, Executive Director, California Tow Truck Association. "Cities and counties that open their own towing and/or storage business, in essence, are willing to have services diminished within the community. Private sector towing companies will not have the resources to be able to compete against the city or county and many of these private sector businesses will be forced to lay off employees, have equipment, land and facilities foreclosed upon and for some, make the hard decision to close their doors," explained Mr. Hunter.. Mr. Hunter further states, "Private sector jobs will be eliminated as well as a certain amount of property tax, income tax and sales tax generated by the owners and employees of these threatened businesses. It is hard to believe that city officials would look at this as a viable alternative for their communities."

"The real tragedy is that by the time cities and counties figure out that they cannot provide towing and storage services in a safe and efficient manner, dozens of towing companies that have provided these services for generations will have been driven out of business, and the local taxpayers will be forced to pay higher taxes for inferior service," explained Mr. Kruger. Mr. Kruger stated, "The Association recognizes the impact that this will have not only within the towing industry but within the communities they service." Mr. Kruger further states, "We feel CTTA has a responsibility to its over 1,000 member companies and to the towing industry in California to educate the motoring public, cities and counties who are contemplating entering into the towing and/or storage business. The hardships that will be placed on these towing companies and the negative effect that it will have within the communities will far outweigh any anticipated revenue these cities or counties may project operating their own vehicle impound facilities."

"CTTA will take any appropriate measures necessary to protect the interests of the towing industry," states Mr. Hunter.

About the California Tow Truck Association

Founded in 1969, the CTTA was established to provide a means of united efforts in the solution of problems, and to administer such action as might be deemed necessary to benefit the towing industry, to communicate with government agencies on a state and local basis, and to provide a concerted effort toward giving the Towing Industry a better public image and the professional status it deserves.

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