

Revenue Proposal: *Centralized Accident Towing and Storage*

Proposal Overview

This proposal recommends establishing a standardized City-managed accident towing program in partnership with United Road Towing (URT), the City's contracted towing vendor. The proposal suggests implementing an accident towing mandate would require centralized accident-related tows within City facilities, create uniform pricing, improve transparency, protect consumers, and establish a significant revenue stream for the City.

Context

The City has a contract with URT, which has been under contract with the City since 2016 to provide towing services and manage City auto pounds. URT tows vehicles at the request of the City departments, but accident vehicles are not consistently brought into the City's managed system. Accident-involved vehicles are not required to use the City towers or use City-operated auto pounds. As a result, unauthorized towing operators often tow vehicles independently to independently-owned lots, leading to unregulated fees, difficulties for vehicle owners in locating their vehicles, and lost revenue opportunities for the City.

Estimated Revenue

This proposal conservatively assume 30,000 accident-related tows per year, based on one-third of the [90,043](#) traffic crashes reported by the Chicago Department of Transportation for 2023. By shifting all accident-related towing to a City-managed program, the proposal will bring in additional revenue for the City.

Table 1. Annual revenue projects by various levels of fee and storage increases

	<i>Fee Structure</i>	<i>Towing Revenue</i>	<i>Storage Revenue</i>	<i>Total Estimated Revenue</i>
Current Rate*	\$150/tow + \$25/day storage	\$4.5 million	\$1.5 million	\$6 million
Increased Rate	\$160/tow + \$35/day storage	\$4.8 million	\$2.1 million	\$6.9 million
Increased Rate	\$175/tow + \$50/day storage	\$5.25 million	\$3.0 million	\$8.25 million

*The current rate does not accurately reflect the City's actual revenue, as many traffic crashes are handled by private or unauthorized operators. The estimated total revenue is calculated under the assumption that all traffic crashes are managed exclusively by the City's authorized operator.

Depending on the final fee structure adopted, the City could potentially generate between \$6 million and \$8.25 million annually through accident towing and storage fees, under the assumption that 100% revenue goes to the City. However, actual city revenue will vary depending on the negotiated revenue-sharing split. For example, under the current rate, if the City agreed on a 10% share, then the total revenue received by the City will be \$600,000; if the City agreed on a 90% share, then the total revenue received by the City will be as high as \$5.4 million.

Implementation & Stakeholders

No matter the terms of the winning bid, there will be departmental costs associated with centralizing all towing and storage of accident-involved vehicles across the City. The City will have costs associated with negotiating the deal and soliciting bids for the partnership contract, development of fee collection and administrative processes, personnel costs, and equipment and land costs.

Responsible departments

- **Department of Finance:** fee administration and revenue accounting
- **Department of Streets and Sanitation:** oversight of City auto pounds and towing operations; soliciting bids and overseeing negotiation with on partnership terms and agreements
- **Chicago Police Department:** enforcement at accident scenes to ensure compliance

Discussion

The City must consider opening the towing contract to competitive bidding to maximize operational efficiency, ensure cost-effectiveness, and align the program with broader procurement best practices.

Proponents

City departments directly involved in towing operations and revenue management — including the Department of Finance, Department of Streets and Sanitation, the Chicago Police Department, and the Department of Law — are likely to support the proposal. While additional revenue could broadly benefit the City's overall budget, these departments are most directly involved in the operational and financial aspects of vehicle towing and impoundment. Insurance companies may also favor a standardized towing process, which could streamline handling claims and reduce disputes. United Road Towing (URT), the City's current contracted towing vendor, would also likely support the proposal, as expanded accident towing operations would increase service volumes under their existing contract.

Opponents

While the current contracting company for City towing will support the proposal if the bid is in the company's favor, their support may erode with an open bid. Private towing companies currently operating outside of City contracts may oppose the proposal, as it would limit their access to accident scenes. Auto repair shops that rely on referrals from independent towing operators could also express concerns about lost business opportunities. Additionally, residents may oppose the program if it results in higher towing and storage costs, particularly if insurance coverage is insufficient or if increased fees are passed directly to vehicle owners. Insurance companies, while benefiting from standardized processes, may also raise concerns about higher claim payouts if accident towing and storage fees increase significantly. Public advocacy groups focused on consumer protection could similarly object if fee increases are perceived as creating additional financial burdens for residents already impacted by accidents.

Concluding commentary

Implementing a centralized accident towing program would bring Chicago in line with best practices for consumer protection, curb predatory towing, and create a new, sustainable source of revenue for the City. By leveraging existing infrastructure and the partnership of a private contractor, there may be efficiency gains in the existing towing system in addition to revenue opportunities. However, additional analysis would be needed to finalize the fee structure and ensure the program's long-term success. The current contract with URT is set to expire in [May 2026](#), at which point the City would have the option to explore competitive pricing and service alternatives if it chooses to do so.