

HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

No. 26-58

RESOLUTION

DIRECTING THE CITY AUDITOR TO CONDUCT A PERFORMANCE AUDIT OF THE CUSTOMER SERVICES DEPARTMENT'S LAW ENFORCEMENT-INITIATED TOWING PROGRAM, MANAGEMENT, AND CONTRACT ADMINISTRATION.

WHEREAS, Section 3-501 of the Revised Charter of the City and County of Honolulu 1973 (Amended 2017 Edition), as amended ("Charter"), establishes the Office of the City Auditor, headed by a City Auditor; and

WHEREAS, pursuant to Charter Section 3-502, the City Auditor is responsible for conducting performance audits of the agencies and operations of the City and County of Honolulu ("City"); and

WHEREAS, pursuant to Charter Section 3-114, the City Council ("Council") may direct the City Auditor to conduct a performance audit of any City agency or operation; and

WHEREAS, the Department of Customer Services ("CSD"), led by the Director of Customer Services, is responsible for administering the abandoned vehicle program pursuant to Charter Section 6-402; and

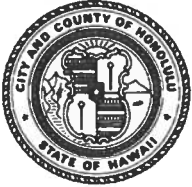
WHEREAS, the CSD currently exercises this authority through its administration of the contract for towing, storage, and disposal of law enforcement-initiated tows and abandoned and derelict vehicles ("towing contract"); and

WHEREAS, in both May and September of 2025, substantial outstanding balances remained unpaid to the City's towing contractor for services previously rendered, and the contractor was required to repeatedly pursue payment and reconciliation of invoices over multiple billing periods; and

WHEREAS, under the terms of the towing contract, invoices were to be paid within 30 days and any disputes were to be resolved within that time period; and

WHEREAS, despite these terms, payments to the City's towing contractor were delayed, and partial payments were issued across various districts and billing periods, requiring additional clarification and reconciliation; and

WHEREAS, questions concerning certain line items, including charges related to off-road removal and difficult hookups, were raised only after multiple years of billing,



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and disputes regarding those charges arose following delayed review of invoices, rather than as contemporaneous objections at the time of billing; and

WHEREAS, news media reports of excessive towing charges over the past few years have brought scrutiny to the City's towing contract, and an internal audit conducted by the CSD concluded that certain motorists were improperly charged for removal of vehicles from off-road locations; and

WHEREAS, the existence of disputed line items and delayed review processes has contributed to a broader payment dispute between the City and the City's towing contractor, and the City's towing contractor has continued to perform its contract services while seeking reconciliation and payment of outstanding invoices; and

WHEREAS, the CSD has indicated an intent to solicit a new towing contract and to separate the responsibilities for certain categories of tows, while the existing contractor continues to operate under the current towing contract and has raised concerns regarding the timing and communication of any potential transition; and

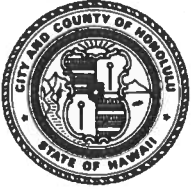
WHEREAS, in anticipation of the solicitation for a new towing contract, the Council believes that it is in the best interest of the people of the City for any increase of towing or related charges to be deliberated and decided through a public hearing; and

WHEREAS, the Council further believes that feedback from vendors should be considered before issuing solicitations for a new towing contract; and

WHEREAS, accordingly and based on the foregoing, the Council finds that a comprehensive and objective performance audit of the CSD's procurement, invoice review practices, payment processing, and administration of the City's towing contract is necessary to ensure transparency and compliance with all necessary and proper contracting practices; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the City Auditor is directed to conduct a performance audit of the Department of Customer Services' ("CSD") law enforcement-initiated towing program, management, and contract administration; and

BE IT FURTHER RESOLVED that the performance audit is requested to address, but not be limited to, the following areas:



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1. The management, oversight, and administration of the towing contract by the CSD, including the payment schedule and processing of payments to the towing contractor; and
2. Determination of whether the towing contract complies with procurement requirements and applicable industry best practices; and

BE IT FURTHER RESOLVED that the City Auditor is requested to complete the performance audit within one calendar year of the adoption of this resolution and to file the final report with the City Clerk, in accordance with Charter Section 3-114.2; and

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, the Managing Director, the Director of Customer Services, and the City Auditor.

INTRODUCED BY:

A. Ippola _____

DATE OF INTRODUCTION:

MAR 6 2026
Honolulu, Hawai'i

Councilmembers

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 26-58

Introduced: 03/06/26 By: ANDRIA TUPOLA

Committee: INTERNATIONAL & LEGAL AFFAIRS
(ILA)

Title: DIRECTING THE CITY AUDITOR TO CONDUCT A PERFORMANCE AUDIT OF THE CUSTOMER SERVICES
DEPARTMENT'S LAW ENFORCEMENT-INITIATED TOWING PROGRAM, MANAGEMENT, AND CONTRACT
ADMINISTRATION.

Voting Legend: * = Aye w/Reservations

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| 03/06/26 | INTRO | Introduced. |
| 04/29/26 | ILA | Reported out for adoption. CR-109(26) 7 AYES: CORDERO, KIA'ĀINA, NISHIMOTO, OKIMOTO, TULBA, TUPOLA, WATERS 2 ABSENT: DOS SANTOS-TAM, WEYER |
| 05/13/26 | CCL | Committee report and Resolution were adopted. 9 AYES: CORDERO, DOS SANTOS-TAM, KIA'ĀINA, NISHIMOTO, OKIMOTO, TULBA, TUPOLA, WATERS, WEYER* |

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.



CHADD KADOTA, ACTING CITY CLERK



TOMMY WATERS, CHAIR AND PRESIDING OFFICER