



THE CITY OF SAN DIEGO

Report to the City Council

DATE ISSUED: April 27, 2016 REPORT NO. 16-043

ATTENTION: Committee on Public Safety and Livable Neighborhoods

SUBJECT: Approve an Ordinance to Extend the Existing Agreements with the City's Contracted Licensed Impound and Tow Providers for more than Five Years for Towing and Impound Services.

REFERENCE:

REQUESTED ACTION:

1. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Third Amendment to the contract with A to Z Towing Enterprises, Inc., doing business as RoadOne, for Licensed Impound Provider services in tow zones 2b, 3, 4, 5, and 8, extending the existing five-year agreement for one year, through August 1, 2017.
2. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Third Amendment to the contract with Allied Gardens Towing, Inc., doing business as RoadOne, for Licensed Impound Provider services in tow zones 1, 2a, 6, and 7, extending the existing five-year agreement for one year, through August 1, 2017.
3. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Fourth Amendment to the contract with A to Z Towing Enterprises, Inc., doing business as RoadOne, for Licensed Tow Provider services in tow zones 1, 2, 3, 4, 5, 6, 7, and 8, extending the existing five-year agreement for one year, through August 1, 2017.
4. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Fourth Amendment to the contract with Allied Gardens Towing, Inc., doing business as RoadOne, for Licensed Tow Provider services in tow zones 1, 2, 3, 4, 5, 6, 7, and 8, extending the existing five-year agreement for one year, through August 1, 2017.
5. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Fourth Amendment to the contract with C&D Towing Specialists, Inc., for Licensed Tow Provider services in tow zones 2, 4, 5, 6, and 7, extending the existing five-year agreement for one year, through August 1, 2017.
6. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Fourth Amendment to the contract with Alexandra Investment, Inc., doing business as Angelo's Towing, for Licensed Tow Provider services in tow zones 3, 4, 5, 6, and 7, extending the existing five-year agreement for one year, through August 1, 2017.

7. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Fourth Amendment to the contract with Guardian Towing, Inc., for Licensed Tow Provider services in tow zone 1, extending the existing five-year agreement for one year, through August 1, 2017.
8. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Fourth Amendment to the contract with American Towing, Inc., for Licensed Tow Provider services in tow zone 8, extending the existing five-year agreement for one year, through August 1, 2017.
9. Authorize the Mayor or his designee to execute, for and on behalf of the City, a Fourth Amendment to the contract with Cortes Towing Enterprises, Inc., for Licensed Tow Provider services in tow zone 8, extending the existing five-year agreement for one year, through August 1, 2017.

STAFF RECOMMENDATION:

Introduce the Ordinance.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The Police Department finds it necessary from time to time to remove vehicles from public streets and highways by utilizing the services of private towing companies. Towing expense is charged to the owner of the towed vehicle when the vehicle is redeemed from impound. The City contracts with providers for dispatch, towing, and impound services, collectively referred to as the City's Managed Tow Program. It is the intention of the Police Department to continue to administer and ensure that the Towing Program provides quick, prompt, and safe service to the citizens and to protect them from illegal or unscrupulous towing or impounding concerning police-initiated towing. The contracts allow for constant monitoring of tow activities and the ability to address any concerns the City, the Police Department, or its citizens may have with the Towing Program.

On April 12, 2010, the City issued a Request for Qualifications (RFQ No 10004980-10-P), which incorporates by reference the City's General Provisions for Bids dated January 18, 2005. The publication specifically sought out operators to furnish the City with tow and impound operations as may be required for a period of two years from the date of execution, with options to renew for three additional one-year periods.

In August and September of 2011, the City accepted Contractors' responsive qualifications, resulting in contracts between the City and 13 Licensed Tow Providers (LTPs) for towing services and two Licensed Impound Providers (LIPs) for impound and storage services. Currently, there are eight LTPs and two LIPs providing tow services to the City for tows ordered by Police Department dispatch. The LTP and LIP contracts will begin to expire in August 2016. The Police Department requests an extension to seven LTP and two LIP contracts, listed in the requested action items in this report, beyond five years so that a new solicitation for towing and impound services can be issued.

COST RECOVERY

The primary expenses of the City of San Diego's Managed Tow Program are comprised of the following elements:

1. Dispatch Service Expense:

This is a per-tow fee charged to the City by the current computer operated towing dispatch contractor. This expense is cost-neutral to the City and is offset by a portion of the tow Franchise Fees paid to the City by the LIPs. The third-party towing dispatch provider ensures that LTPs and LIPs cannot collude or create side agreements for re-routing vehicles.

2. Tow Provider Expense:

This is a variable rate expense paid to the contracted LTP, the actual owner/operator of the tow truck. The pre-determined rate established by the City and stated within the contract, depends on the location, vehicle size and any necessary additional equipment. This rate is structured as a pass-through fee that provides a transparent financial transaction for the safety of all parties involved. The LIP pays the City the fees, the City then passes on the fees owed to the LTP. The LIP is then allowed to recover this expense through the fees it charges the vehicle owner upon release or from the auction of the vehicle.

3. Police Administrative and Field Expenses:

This is the expense of operating a qualified tow program including a sworn police sergeant, who is the Tow Administrator, tow program staff, and direct administrative expenses. It also may include inspection time for impound yards or for inspecting tow equipment by various SDPD personnel. Additionally, field expenses include sworn/civilian personnel that are necessary to impound a vehicle. The cost includes wait time, the time necessary to inventory vehicle contents, complete paperwork, and any other duties required to secure the vehicle for towing and impound.

4. Towed City Vehicle Expenses:

This is the expense of tow and service requests for City-owned vehicles. For the first four years of the existing contract, Fiscal Year 2012 through 2015, the average number of vehicles towed annually was 502 at an average cost of \$33,563.00 per year.

Under the authority of the California Vehicle Code sections 12110(b) and 22850.5(a), the City developed a cost recovery fee model to divide the expense of the tow program between the LIP and the vehicle's registered owner/agent. The fees exist to offset the City's police administrative and field expenses. The combined revenue of these fees is structured to recover all actual and reasonable tow program expenses. California Vehicle Code sections 12110 and 22850.5 do not allow the City to capture any revenue in excess of the total tow program expenses or in excess of the administrative costs relating to the removal, impound, storage, or release of an impounded vehicle.

The cost recovery fees are:

1. Tow Impound Cost Recovery (TICR) Fee (\$54.00)

California Vehicle Code section 22850.5(a) authorizes a city to adopt a regulation, ordinance, or resolution establishing procedures for release of properly impounded vehicles and for the imposition of a charge equal to its administrative costs relating to the removal, impound, storage, or release of the vehicle.

In most circumstances, this fee is charged to the registered owner/agent when they claim the vehicle. If they forfeit the vehicle, the charge can still be collected through proceeds from a forfeiture sale. When a vehicle is forfeited, the LIP assumes ownership of the vehicle and may auction the vehicle to recover storage and other fees. If the proceeds of the sale are greater than the storage expense, the LIP is required to reimburse the State and City any

outstanding fees. This is where the City could collect the TCR fee revenue or even recover revenue from delinquent parking violations.

2. Franchise Fee (\$96.00)

The Franchise Fee that is collected by the LIPs on a "per-vehicle basis" and paid to the City. The Franchise Fee is divided into two portions, the actual City Franchise Fee of \$74.00 along with the Tow Management Fee of \$22.00. The Tow Management Fee is, in turn, paid to the computer operated towing dispatch contractor by the City on a "pass-through basis." The Franchise Fee is charged to the LIP for the privilege of receiving the vehicle and offering the LIP the potential to make a profit from the towed vehicle. The LIP is able to charge various service fees and storage fees. If the vehicle is not claimed, the LIP has the ability to auction the vehicle to recover its expenses, pay the City, and profit from any additional proceeds.

California Vehicle Code section 12110 (b) allows a public entity to require a fee in connection with the award of a franchise for towing vehicles on behalf of that public entity, however, it is important to note that, "the fee in those cases may not exceed the amount necessary to reimburse the public entity for its actual and reasonable costs incurred in connection with the towing program". Therefore, a towing Franchise Fee can only recover the cost of the program.

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):

Goal #1: Provide high quality public service.

Objective #1: Promote a customer-focused culture that prizes accessible, consistent, and predictable delivery of services.

Objective #2: Improve external and internal coordination and communication.

Objective #4: Ensure equipment and technologies are in place so that employees can achieve high quality public service.

Goal #2: Work in partnership with all of our communities to achieve safe and livable neighborhoods.

Objective #1: Protect lives, property, and the environment through timely and effective response in all communities.

Objective #4: Foster services that improve the quality of life.

FISCAL CONSIDERATIONS:

The fees associated with the towing of privately owned vehicles are cost-neutral to the City. These fees are collected by the licensed impound providers from the registered owners of impounded vehicles. There is minimal cost for the towing of City owned vehicles associated with this contract extension

EQUAL OPPORTUNITY CONTRACTING INFORMATION (if applicable):

This agreement is subject to the City's Equal Employment Opportunity Outreach Program (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:


N/A

COMMUNITY PARTICIPATION AND OUTREACH EFFORTS:

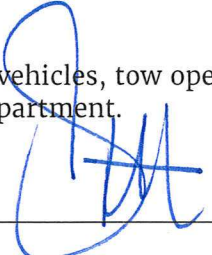
N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Key stakeholders include registered owners of towed vehicles, tow operators and impound operators under contract and the San Diego Police Department.



Police Department



Chief Operating Officer