

1 [Contract Amendment - TEGSCO, LLC - Vehicle Towing, Storage, and Disposal Services for
2 Abandoned and Illegally Parked Vehicles - Not to Exceed \$136,700,000]

3 **Resolution approving the ninth amendment to the contract between the Municipal**
4 **Transportation Agency and TEGSCO, LLC, for services related to the towing, storage,**
5 **and disposal of abandoned and illegally parked vehicles, to increase the contract**
6 **amount by \$15,300,000 for a total contract amount not to exceed \$136,700,000 for the**
7 **balance of the second year and the last three years of the five-year extension, with no**
8 **changes to the term of April 1, 2016, through March 31, 2026, effective upon approval of**
9 **this Resolution.**

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11 WHEREAS, According to Charter, Section 9.118(b), contracts entered into by a
12 department requiring anticipated expenditures by the City and County of \$10,000,000 or
13 more, and amendments to those contracts of more than \$500,000 must be approved by the
14 Board of Supervisors by resolution; and

15 WHEREAS, On March 15, 2016, the Board of Supervisors pursuant to Charter,
16 Section 9.118(b), and under Resolution No. 99-16 approved Contract No. 2014-48 (Contract)
17 between the San Francisco Municipal Transportation Agency (SFMTA) and TEGSCO, LLC
18 (Contractor) for services related to the towing, storage, and disposal of abandoned and
19 illegally parked vehicles in the City; the Contract was for an initial amount of \$65,400,000 and
20 an initial term of five years with the option to extend the term for an additional five years,
21 which the Director of Transportation could exercise at his discretion; and

22 WHEREAS, On April 7, 2021 the Board of Supervisors pursuant to Charter,
23 Section 9.118(b), and under Resolution No. 153-21 approved the third amendment to the
24 Contract, which extended the contract term for the additional five years, ending March 31,
25 2026, and increased the contract amount by \$22,800,000 to \$88,200,000 to pay for the first

1 two years of the extended term; approval of the Board of Supervisors was required only with
2 respect to the increase in the contract amount and not the extended term; and

3 WHEREAS, At the time of the Contract's third amendment, staff sought funding only for
4 the first two years of the extended term to ensure continued operation of the City's towing
5 program during the COVID19 emergency and provide staff time to assess program policies
6 and funding requirements as the City emerges from pandemic conditions; staff informed the
7 Board of Supervisors staff would seek additional funding for the last three years of the
8 extended term under a subsequent amendment; and

9 WHEREAS, The seventh amendment increased the contract amount to \$121,400,000
10 providing contract authority to cover the extended term through March 2025; and

11 WHEREAS, Currently, the towing program faces revenue shortfalls; although it
12 operates on a cost-recovery basis through towing fees and lien sales, post-pandemic
13 reductions in towing volume, along with policy-driven fee reductions and waivers for qualifying
14 members of the public, limit cost recovery; and

15 WHEREAS, The Ninth Amendment would increase the contract amount by
16 \$15,300,000 for a total of \$136,700,000 to support the Contract through the final year of its
17 extended term ending March 2026; and

18 WHEREAS, Charter, Section 9.118(b), states that any amendment to an agreement
19 that increases the contract amount by more than \$500,000 requires approval of the Board;
20 and

21 WHEREAS, The SFMTA's towing program provides essential services to the City; the
22 towing program supports transit reliability and traffic safety by removing abandoned vehicles
23 that pose potential safety hazards, and collecting vehicles that are involved in accidents or
24 used in the commission of crimes; the towing program supports City parking regulations that
25

1 are essential for keeping the streets safe and clean, and that help to maintain parking
2 availability for merchants and residents; and

3 WHEREAS, Contractor continues to meet or exceed program requirements under the
4 Contract; during the contract term, Contractor successfully negotiated three collective
5 bargaining agreements with Teamsters Local 665 since 2005 and continues to support this
6 collaborative process; and Contractor consistently exceeds the 20% Local Business
7 Enterprise subcontracting requirement, with current participation at 44%; and

8 WHEREAS, Before the end of the Contract's ten-year term in 2026, the SFMTA will
9 conduct a competitive procurement process for a successor contract; and

10 WHEREAS, The proposed amendment is on file with the Clerk of the Board of
11 Supervisors in File No. 250072; now, therefore, be it

12 RESOLVED, That the Board of Supervisors authorizes the Director of Transportation of
13 the SFMTA, on behalf of the City, to execute the ninth amendment to the contract between
14 the SFMTA and TEGSCO, LLC, for services related to the towing, storage, and disposal of
15 abandoned and illegally-parked vehicles, to increase the contract amount by \$15,300,000 for
16 a total amount not to exceed \$136,700,000; and, be it

17 FURTHER RESOLVED, That the amendment shall be subject to certification as to
18 funds by the City's Controller, pursuant to Charter, Section 3.105; and be it

19 FURTHER RESOLVED, That within 30 days of full execution of the amendment by all
20 parties, the final documents shall be provided to the Clerk of the Board for inclusion in the
21 official file.

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