

1 [Amendment Extending Agreement for Vehicle Towing, Storage and Disposal Services]

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3 **Resolution approving the amended and restated service agreement and property use**
4 **license for towing, storage and disposal of abandoned and illegally parked vehicles by**
5 **and between the San Francisco Municipal Transportation Agency and TEGSCO, LLC,**
6 **d.b.a. San Francisco Auto Return.**

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8 WHEREAS, To maintain public safety and health, the City, through the San Francisco
9 Municipal Transportation Agency (“SFMTA”) is charged under the laws of the State of
10 California and the City and County of San Francisco with the authority and duty to keep City
11 streets clear of abandoned and illegally parked vehicles; and,

12 WHEREAS, The City removes approximately sixty-four thousand illegally parked and
13 abandoned vehicles from City streets annually; and,

14 WHEREAS, The San Francisco Police Department relies on the SFMTA’s towing
15 services contractor to remove the vehicles of unlicensed and intoxicated drivers, illegally
16 operated vehicles and vehicles involved in crimes from City streets; and,

17 WHEREAS, on July 19, 2005, the Board of Supervisors approved Resolution 556-05,
18 which granted TEGSCO, LLC d.b.a. San Francisco AutoReturn (“AutoReturn”) a five-year
19 contract, with an option to extend, to provide these services; and,

20 WHEREAS, The agreement, which is a revenue contract and has generated
21 approximately \$29.6 million in revenue and no expenses to the City, will expire on July 31,
22 2010; and,

23 WHEREAS, The Board of Supervisors approved the First Amendment to the
24 Agreement on June 12, 2007 (Resolution 318-07), which approved a fee rate increase due to

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1 a significant drop in towing volume that impacted towing revenue without a corresponding
2 drop in fixed costs and continuing labor cost increases; and,

3 WHEREAS, Cost proposal fees paid to the City consist of a per vehicle referral fee and
4 a percentage of contractor's gross revenue fee that proposers calculate based on the annual
5 number of tows; and,

6 WHEREAS, Since tow volume has continued to decline since the First Amendment
7 was approved, and Contractor revenue is directly tied to the number of vehicles towed, it is
8 highly unlikely that issuing a new RFP would result in as beneficial a revenue arrangement as
9 the City currently has with AutoReturn; and,

10 WHEREAS, AutoReturn has performed the Agreement in a satisfactory manner,
11 transforming a historically difficult municipal towing operation into an efficient and professional
12 service; and,

13 WHEREAS, AutoReturn has dedicated substantial efforts and financial resources to
14 improving the appearance and environmental safety of the storage lot at Pier 70 and
15 accommodating the concerns of local residents; and,

16 WHEREAS, AutoReturn has made significant improvements to towing services by
17 automating dispatch, payment and reporting, improving environmental protection for the areas
18 used for storage of vehicles, and reducing customer complaints to the SFMTA from an
19 average of more than 20 per month under the previous vendor to less than six per year; and,

20 WHEREAS, All existing services to the City will continue under the proposed amended
21 and restated agreement, and AutoReturn will establish a Contract Monitor Fund, an Audit
22 Fund, make modifications to its auction and lien procedures, and document other modified
23 towing and reporting procedures; and,

24 WHEREAS, On June 1, 2010, the SFMTA Board of Directors adopted Resolution No.
25 10-080, approving the Amended and Restated Service Agreement and Property Use License

1 for Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles by and
2 between the San Francisco Municipal Transportation Agency and TEGSCO, LLC, d.b.a San
3 Francisco, extending the agreement for five years, until July 31, 2015; and

4 WHEREAS, Copies of the Amended and Restated Agreement are on file with the Clerk
5 of the Board of Supervisors in File No. , which is hereby declared to be a part of this
6 motion as if set forth fully herein; now, therefore, be it

7 RESOLVED, That the Board of Supervisors approves the Amended and Restated
8 Agreement for Towing, Storage and Disposal Services for Illegally Parked and Abandoned
9 Vehicles with TEGSCO, LLC d.b.a. San Francisco AutoReturn, extending the agreement for
10 five years, until July 31, 2015.

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