



January 31, 2014

**The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 941023**

Subject: Request for Approval to execute the First Amendment to the Restated and Amended Towing Agreement and Property Use License between the San Francisco Municipal Transportation Agency and San Francisco AutoReturn

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency recommends approval of the First Amendment to the current towing agreement that includes modifications to the financial assurance requirements for the contract and revisions of the associated License Agreement that reflect moving the long-term towed vehicle storage and auction location from Pier 70 to 2650 Bayshore Avenue.

Background

San Francisco AutoReturn has been the contractor for towing services since 2004, and is currently under an agreement for services through August 2015 that includes management of a long-term vehicle storage facility and vehicle auction area. At the time of contract award, a portion of Pier 70 served as the location of this facility; however, in 2011 the Port announced that a developer had been chosen to redevelop Pier 70, which necessitated relocating the long-term storage and auction facility.

In 2012, after approval from the Board of Supervisors (Resolution # 365-12), the SFMTA entered into a lease for occupation of property located at 2650 Bayshore Blvd., and in May 2013 exercised its right to move the long-term vehicle storage facilities from Pier 70 to the Bayshore location. AutoReturn will share the property with other SFMTA operations, including the Signal Shop and employee training facilities.

Requested Modifications

To document the long-term towing storage facility's move from Pier 70 to the Bayshore location, two appendices to the towing agreement – the previous MOU with the Port of San Francisco (Appendix C) and the existing license agreement (Appendix D) – will be deleted and a revised license agreement (Appendix H) will be added to reflect the new license agreement for the Bayshore facility. In addition, modifications will be made to the Amended and Restated Towing Agreement to reflect the changes in location and a modification to the financial assurance requirements requested by AutoReturn.

The proposed amendment to the towing contract and license agreement documents modifications that were negotiated between SFMTA and AutoReturn includes the following:

- The per month rent amount will be reduced from \$150,378.75 to \$147,928.28 resulting in a net monthly reduction of \$2,450.47. The new amount reflects the reduction in space from 519,328 sq. ft. at Pier 70 to approximately 330,771 sq. ft. at the Bayshore facility. The reduction in space is offset by significantly improved facilities, including permanent office space with indoor plumbing and vehicle auction space free of roof leaks that will better accommodate the general public in a safe and secure environment.
- There will also be a modification to the current contract's financial assurances of a \$1 million Letter of Credit and \$1 million Performance Bond to a single \$2 million Performance Bond. The Letter of Credit had been required by the Port out of an abundance of caution due the proximity of Pier 70 to the San Francisco Bay. The Bayshore location is inland on the border between San Francisco and Daly City and chances of a major environmental incident are substantially reduced. Since Auto Return provides service, the performance bond is better risk mitigation for this contract. In addition, the lease with the Bayshore property owner did not require a letter of credit and insurance requirements have been increased to match the SFMTA's Bayshore lease insurance requirements.

Under normal circumstances, the amendments to the contract and approval of the revised license agreement could be approved by the SFMTA Board of Directors; however, because the City Attorney has determined a change of the financial assurance from a letter of credit and a performance bond of \$1 million each to a single \$2 million performance bond is considered to be a material modification, Board of Supervisors approval is required.

We respectfully request that the proposed resolution of the First Amendment to the Restated and Amended Towing Agreement and Property Use License between SFMTA and San Francisco AutoReturn be approved.

Please don't hesitate to contact me should you have any questions or concerns.

Thank you.

Sincerely,



Edward R. Reiskin
Director of Transportation

