

File No. 251206 Committee Item No. 4
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date January 28, 2026
Board of Supervisors Meeting Date _____

Cmte Board

Resolution
Budget and Legislative Analyst Report
Department/Agency Cover Letter and/or Report
Contract/Agreement
Form 126 – Ethics Commission
Public Correspondence

OTHER [\(Click on the hyperlinks below to be redirected to the Legislative Research Center to view the entirety of voluminous documents\)](#)

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Completed by: Brent Jalipa Date January 22, 2026
Completed by: Brent Jalipa Date _____

1 [Contract Amendment - TEGSCO, LLC - Vehicle Towing, Storage, and Disposal Services for
2 Abandoned and Illegally Parked Vehicles - Not to Exceed \$158,800,000]

3 **Resolution approving the 10th 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 \$22,100,000 for a total contract amount not to exceed \$158,800,000; and to
7 extend the contract term by nine months with up to six additional one-month
8 extensions, for a potential new term of April 1, 2016 through June 30, 2027, effective
9 upon approval of this Resolution.**

10
11 WHEREAS, Charter, Section 9.118(b), requires that contracts entered by a department
12 involving anticipated expenditures of \$10,000,000 or more, and amendments to such
13 contracts exceeding \$500,000 be approved by the Board of Supervisors by Resolution; and

14 WHEREAS, On March 15, 2016, the Board of Supervisors pursuant to Charter,
15 Section 9.118(b), and under Resolution No. 99-16, approved Contract No. 2014-48 (Contract)
16 between the San Francisco Municipal Transportation Agency (SFMTA) and TEGSCO, LLC
17 (Contractor), for towing, storage, and disposal services for abandoned and illegally parked
18 vehicles, with an initial term of five years and an initial not to exceed amount of \$65,400,000
19 and an option to extend the term for an additional five years; and

20 WHEREAS, On April 7, 2021, the Board of Supervisors pursuant to Charter,
21 Section 9.118(b), under Resolution No. 153-21, approved the Third Amendment to the
22 Contract, which exercised the five-year extension option through March 31, 2026, and
23 increased the contract amount by \$22,800,000 for a total not to exceed amount of
24 \$88,200,000 to pay for the first two years of the extended term; and

1 WHEREAS, On February 25, 2025, the Board of Supervisors pursuant to Charter,
2 Section 9.118(b), and under Resolution No. 066-25, approved the Ninth Amendment to the
3 Contract, which increased the contract amount by \$15,300,000 for a total not to exceed
4 amount of \$136,700,000 to fund the balance of the second year and final three years of the
5 extended term; and

6 WHEREAS, Since the Contract was originally executed, it has been amended ten
7 times, including two amendments both labeled the “First Amendment,” addressing separate
8 operational and property-related matters; and

9 WHEREAS, Towing operations are essential to maintain available legal parking
10 spaces, support smooth traffic and transit flow, and assist the San Francisco Police
11 Department in handling vehicles involved in traffic incidents and criminal activities; and

12 WHEREAS, On November 11, 2024, Caltrans, the lessor of the 7th Street Primary
13 Storage Facility used under the Contract, imposed revised insurance requirements increasing
14 general liability coverage, including umbrella, from \$5,000,000 to \$20,000,000; and

15 WHEREAS, On June 24, 2025, the SFMTA and TEGSCO amended the license
16 agreement for the 7th Street site to incorporate these new insurance terms, with TEGSCO
17 responsible for obtaining the increased coverage, estimated at \$200,000 annually; and

18 WHEREAS, To ensure uninterrupted tow operations at this critical facility and avoid
19 exposing TEGSCO to unanticipated costs beyond the original contract scope, the SFMTA
20 determined it would reimburse TEGSCO for these additional insurance expenses, reflecting
21 the agency's role as lessee of the property and its commitment to maintaining stable,
22 compliant operations under lease terms imposed by the State that neither the SFMTA nor
23 TEGSCO could have reasonably anticipated at the time the contract was awarded; and

24 WHEREAS, The tow program is limited by cost-recovery laws to charging owners of
25 towed vehicles no more than the actual cost to the SFMTA; in recent years, because of both

1 increased costs and the implementation of several waiver programs, the SFMTA is not
2 recouping all program costs but is rather spending about \$8 million to run the tow program;
3 and

4 WHEREAS, The SFMTA proposes to extend the Contract term by nine months, with up
5 to six additional one-month extensions, to allow time to fully explore various cost-saving
6 options and to conduct a cost-saving solicitation for the next contract; and

7 WHEREAS, The Contractor has agreed to waive annual cost-of-living adjustments
8 (COLA) during the extended term, resulting in estimated savings of \$471,000; and

9 WHEREAS, The proposed Tenth Amendment would increase the contract amount by
10 \$22,100,000 for a total not to exceed amount of \$158,800,000 to fund the extended term and
11 cover the increased insurance costs imposed by Caltrans; and

12 WHEREAS, The proposed amendment is on file with the Clerk of the Board of
13 Supervisors in File No. 251206; now, therefore, be it

14 RESOLVED, That the Board of Supervisors authorizes the Director of Transportation of
15 the SFMTA, on behalf of the City, to execute the Tenth Amendment to the contract between
16 the SFMTA and TEGSCO, LLC, to increase the contract amount by \$22,100,000 for a total
17 not-to-exceed amount of \$158,800,000 and to extend the contract term by nine months with
18 up to six additional one-month extensions, for a potential new end date of June 30, 2027; and,
19 be it

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

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

25

Item 4 File 25-1206	Department: Municipal Transportation Agency (SFMTA)
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> The proposed resolution would approve the Tenth Amendment to the agreement between the San Francisco Municipal Transportation Agency (MTA) and TEGSCO, LLC (TEGSCO) to extend the agreement term by nine months, with six additional one-month options to extend through June 30, 2027, and to increase the not to exceed amount by \$22,100,000 for a new total not-to-exceed amount of \$158,800,000. 	
Key Points	
<ul style="list-style-type: none"> In 2016, after a competitive solicitation, the Board of Supervisors approved a five-year towing contract with TEGSCO. The contract has since been amended nine times and extended through March 2026, with a current not to exceed amount of \$136,700,000. Under the contract, TEGSCO collects fees from the owners of towed vehicles and remits those fees to SFMTA. SFMTA then pays TEGSCO a fixed management fee (currently \$829,400 per month) and pays TEGSCO fees based on the number of tows and related services, including a per tow charge paid to tow truck subcontractors. 	
Fiscal Impact	
<ul style="list-style-type: none"> The proposed amendment increases the total agreement amount by \$22.1 million for a new total not-to-exceed amount of \$158.8 million. Fee revenues do not cover the full cost of the program, which includes contract costs, rent for two storage facilities, and SFMTA administrative costs. In FY 2024-25, the net cost of the program was approximately \$8.4 million. Net program costs are funded by transit revenues. 	
Policy Consideration	
<ul style="list-style-type: none"> The SFMTA is proposing to extend the contract by up to 15 months to allow sufficient time to conduct a competitive solicitation process focused on reducing program costs. Following a Request for Information process in 2025, the SFMTA received feedback from vendors on strategies to reduce the management fee for annual savings of \$1.6 million. Potential strategies include reducing customer service requirements (such as 24/7 walk-in service and tow truck response time standards) and consolidating operations from two storage facilities to one. Other options to further reduce SFMTA support for the program include: (1) reducing or eliminating fee discounts for parking regulation violators, (2) increasing towing fees, (3) increasing enforcement of parking regulations, or (4) reducing SFMTA program costs. 	
Recommendation	
<ul style="list-style-type: none"> Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

The San Francisco Municipal Transportation Agency (SFMTA) manages the City's towing program, which removes abandoned or illegally parked vehicles, clears vehicles involved in crashes or crimes, and addresses hazards that disrupt transit operations. State law requires local towing programs to operate on a cost-recovery basis, limiting charges to the actual cost of providing the service, including enforcement, storage, and administration. As discussed below, the program incurs an annual operating deficit of approximately \$8.4 million due to fee waivers, including the low-income, unhoused, and first-time towing-offense waivers.

Procurement and Contract History

In 2015, MTA issued a request for proposals for towing services. TEGSCO, LLC (TEGSCO), previously known as San Francisco AutoReturn and the incumbent provider since 2004, was the highest-scoring proposer out of three bids and was awarded the contract. In March 2016, the Board of Supervisors approved the initial five-year contract with TEGSCO, from April 2016 through March 2021, for an amount not to exceed \$65,400,000, with one five-year option to extend through March 2026 (File 16-0134). The contract has been amended nine times, as shown in Exhibit 1 below.

Exhibit 1: Previous Contract Amendments

No.	Date	Approval	Description
1	September 2016	SFMTA Board	Allowed TEGSCO to use short-term storage facility at 450 7 th Street
1 (b)	November 2017	SFMTA Board	Formalized procedures for SFPD vehicles towed and stored (holdover vehicles) from the prior agreement ¹
2	July 2019	Administrative	Documented service requirement adjustments to customer service and tow request response times and provided clarification on the process to calculate annual Consumer Price Index (CPI) increases for management and variable fees paid to TEGSCO
3	April 2021	Board of Supervisors (File 21-0175)	Exercised the 5-year option to extend and increased the not-to-exceed amount to \$88,200,000
4	April 2022	Administrative	Changed the doing-business-as name from San Francisco AutoReturn to TEGSCO and amended provisions related to management of confidential information and City data
5	April 2022	Administrative	Authorized TEGSCO to use a verification database to verify the eligibility of tow customers for income-based fee reductions and waivers
6	June 2022	Administrative	Allowed for the option to use online platforms for vehicle auctions
7	October 2022	Board of Supervisors (File 22-0974)	Increased not-to-exceed amount by \$33,200,000, for a total not to exceed \$121,400,000
8	May 2023	Administrative	Provided for the temporary relocation of the short-term storage facility to allow Caltrans to conduct maintenance and painting
9	February 2025	Board of Supervisors (File 25-0072)	Increased the not-to-exceed amount by \$15,300,000, for a total not to exceed \$136,700,000

In October, the SFMTA Board approved the Tenth Amendment to the contract to extend the term by nine months, with options to extend for an additional six months through June 2027 and to increase the contract amount by \$22,100,000 for a total not to exceed \$158,800,000.

Towing Volume

Towing volume has decreased over the contract term. Before the COVID-19 pandemic, annual volume ranged from approximately 42,000 to 45,000 tows. This figure dropped during the pandemic, reaching a low of 15,701 tows in contract Year 5 (April 2020 - March 2021).

In recent years, volume has recovered to approximately 37,000-38,000 tows annually. In FY 2024-25, 38,744 vehicles were towed. Attachment 1 to this report shows the reasons for vehicle tows in FY 2024-25 and FY 2025-26.

¹ Due to administrative error, this was also labeled as the First Amendment. SFMTA now refers to these amendments by approval year.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Tenth Amendment to the agreement between the San Francisco Municipal Transportation Agency (MTA) and TEGSCO, LLC (TEGSCO) to extend the agreement term by nine months, with six additional one-month options to extend through June 30, 2027, and to increase the not to exceed amount by \$22,100,000 for a new total not-to-exceed amount of \$158,800,000.

The SFMTA is proposing to extend the contract to allow sufficient time to conduct a competitive solicitation process focused on reducing program costs. The Director of Transportation would have the authority to approve the six one-month extensions.

Scope of Work

Under the contract, TEGSCO coordinates all towing services citywide through a network of subcontracted tow operators. TEGSCO collects fees from the owners of towed vehicles and remits those fees to SFMTA, operates the Customer Service Center, processes payments and liens for unclaimed vehicles, and administers vehicle auctions.

TEGSCO operates two storage facilities under license agreements with the SFMTA, including the Primary Storage Facility at 450 7th Street, a short-term, primary facility leased from the California Department of Transportation, and the long-term storage facility at 2650 Bayshore Boulevard. The contract requires that TEGSCO keep customer wait times under 10 minutes and maintain 24/7/365 facility access.

Under the contract, the SFMTA pays TEGSCO a fixed monthly management fee, which is currently \$829,400 and covers IT, management of the tow yards, administration, overhead, insurance, and profit),² and variable fees based on the number of tows. SFMTA pays these fees to the vendor for every tow performed, regardless of whether the Agency collects revenue from the vehicle owner. Fees charged to vehicle owners are set by SFMTA.

A breakdown of fee amounts by type is provided in Exhibit 2.

² Historically, TEGSCO's variable fees were adjusted annually based on the lesser of three percent or the regional Consumer Price Index, but this will not apply to the proposed extended term.

Exhibit 2. Fee Amount by Type

Fee Type	Fee Amount (July 1, 2025)
Administrative Tow Fee (Repeat Tows)	\$370
Administrative Tow Fee (First Time Tow)	\$313
Operating Tow Fee	\$305
Low-Income Operating Tow Fee	\$107
Dolly Fee (if applicable)	\$54
Storage Fee – Light/Medium Duty Vehicles (First 24 hours)	\$66 / \$92
Storage Fee – Light/Medium Duty Vehicles (Subsequent days)	\$79 / \$109
Lien Fee – Vehicles valued at \$4,000 or less	\$35
Lien Fee – Vehicles valued at more than \$4,000	\$50

Source: MTA

Insurance Spike

In November 2024, the California Department of Transportation (the landlord for the facility at 450 7th Street) increased the required general liability coverage from \$5 million to \$20 million. This requirement was triggered by the November 2023 arson fire under the I-10 freeway in Los Angeles. This led to an unanticipated annual cost increase of approximately \$212,500. MTA determined that because the cost increase was driven by the landlord's policy change, rather than the vendor's operations, it was equitable for the City to bear the cost. The proposed amendment increases the monthly management fee by \$17,707 to reimburse TEGSCO for this expense.

Procurement Strategy

To address the net costs of the contract, MTA issued a Request for Information (RFI) on July 1, 2025, seeking vendor feedback on re-engineering the scope of services to reduce costs. The RFI specifically sought input on reducing the fixed monthly management cost from \$829,400 to \$700,000. The SFMTA received responses from TEGSCO and Auto Assistance Towing to the RFI.

The Department reports that key findings from the RFI indicate that the detailed requirements in the existing scope of work are the primary cost drivers. Vendor feedback suggests that reducing the monthly management fee to \$700,000 is achievable only if MTA reduces certain customer service requirements. The RFI explores potential service reductions, including: (1) reducing Customer Service Center operating hours by eliminating 24/7 walk-in service, (2) altering customer service metrics, (3) relaxing tow truck response time standards, and (4) reducing staffing levels at the impound lots and consolidating operations from two storage facilities into one.

MTA is reviewing the RFI responses and anticipates issuing the new RFP in early 2026. The agency estimates the procurement process may take up to one year, and a transition to a new vendor, if selected, could require up to six months, due in part to the complexity of migrating data from

TEGSCO's proprietary software and integrating a new system with the Police Department and MTA servers.

Performance Monitoring

The three key performance measures are timeliness of revenue deposits into MTA's account (within 24 hours), tow truck dispatch response times (35 minutes during peak commute hours and 25 minutes during non-peak hours), and customer service wait times (average of seven minutes).

Performance data from November 2025 indicate TEGSCO is meeting key metrics: 96 percent of light-duty tows were responded to on time (above the 90 percent target), and 95 percent of medium and heavy-duty tows were responded to on time. The average customer service wait time was less than two minutes. According to David Rosales, MTA Principal Administrative Analyst, revenues are consistently deposited within 24 hours.

FISCAL IMPACT

The proposed amendment increases the total agreement amount by \$22.1 million for a new total not-to-exceed amount of \$158.8 million over the eleven-year and three-month term (April 1, 2016, through June 30, 2027).

The SFMTA is requesting a \$2.2 million contingency (approximately nine percent of projected expenditures through June 2027) due to gradually increasing post-pandemic tow volumes. According to the MTA, this contingency ensures there will be sufficient spending authority if costs exceed the historical average used to base the current projections.

The following table in Exhibit 3 details the total contract cost from FY 2015-16 to FY 2026-27. As shown below the contract budget and \$2.2 million contingency total approximately \$158.5 million, which is approximately \$325,000 less than the proposed not to exceed amount. This effectively increases the contingency to approximately \$2.5 million, which is 10 percent of projected expenditures.

Exhibit 3. Total Contract Cost (Contract Years 2015-16 to FY 2026-27)

Year	Management Fee	Variable Fee	Total Expenditures
Year 1 (Actual)	\$8,704,272	\$4,413,678	\$13,117,950
Year 2 (Actual)	8,203,839	4,776,759	12,980,598
Year 3 (Actual)	8,449,856	5,441,590	13,891,446
Year 4 (Actual)	8,703,444	5,198,730	13,902,174
Year 5 (Actual)	8,928,568	2,155,762	11,084,330
Year 6 (Actual)	8,515,097	3,880,922	12,396,019
Year 7 (Actual)	8,475,823	4,664,564	13,140,388
Year 8 (Actual)	9,164,983	5,238,125	14,403,107
Year 9 (Actual)	9,447,767	5,617,642	15,065,409
Year 10 (Actual) (04/2025 - 11/2025)	7,389,004	4,124,975	11,513,979
Subtotal, Actual Expenditures	85,982,653	45,512,747	131,495,400
Year 10 (Projected) (12/2025 - 03/2026)	\$2,505,907	2,064,000	\$4,569,907
<i>Year 11 (Projected) (04/2026 – 03/2027)</i>	9,959,002	6,192,000	16,151,002
<i>Year 12 (Projected) (04/2027-06/2027)</i>	2,490,858	1,548,000	4,038,858
Subtotal, Projected Expenditures	14,955,767	9,804,000	24,759,767
Total Expenditures	\$100,938,420	\$55,316,747	\$156,255,167
Contingency (8.9% of Projected Expenditures)			2,219,948
Total Expenditures & Contingency			\$158,475,115*

Source: MTA

Note: *The Not-to-Exceed (NTE) amount (\$158.8 million) is approximately \$325,000 greater than the proposed budget. This effectively increases the contingency to approximately \$2.5 million, which is 10.3 percent of projected expenditures.

Funding Source and Deficit

Tow revenues and the MTA operating budget fund the program. Net program costs are funded by SFMTA's general revenues, which include General Fund transfers, state and federal grants, transit fares, and other transportation-related fees. Fees do not cover the full cost of the program, which includes the TEGSCO contract, rent, SFMTA enforcement, and SFMTA overhead.

A breakdown of the FY 2024-25 deficit of approximately \$8.4 million is provided in Exhibit 4 below. The FY 2024-25 figures are for June 2024 through June 2025 and do not align with the contract years shown in Exhibit 3 above.

Exhibit 4: MTA Towing Program Net Costs FY 2024-25

Component	Amount
TEGSCO Annual Contract	\$15,235,517
Rent (450 7th & 2650 Bayshore)	3,903,843
MTA Admin & Enforcement	12,399,265
Total Program Cost	31,538,625
Less: Tow Revenues (Fees & Auction Proceeds, net of Fee Waivers)	23,107,667
Annual Net Costs	(\$8,430,958)

Source: MTA

Fee Waivers

Revenues shown above are net of waivers provided to first-time tows, low-income vehicle owners, and victims of vehicle theft (estimated at \$9.7 million in FY 2024-25) and waivers provided to the Police Department to store vehicles involved in crimes (estimated at \$3.3 million in FY 2024-25). Without these waivers, the towing program would not require support from the SFMTA operating fund, which also funds transit.

POLICY CONSIDERATION

The proposed amendment extends the contract beyond the initially contemplated 10-year term to allow sufficient time to conduct a competitive solicitation process, following the RFI process in July 2025 to solicit feedback on reducing the contract's management fee. If the monthly management fee is reduced from \$829,400 to \$700,000 as contemplated in the RFI, the program's net cost of \$8.4 million would be reduced by approximately \$1.6 million for a new net cost of \$6.8 million. Savings may come at the expense of public convenience, including reduced access to facilities and longer wait times. Other options to further reduce MTA support for the towing program include: (1) reducing or eliminating fee waivers for parking regulation violators, (2) increasing towing fees, (3) increasing enforcement of parking regulations, or (4) some combination of these options.

RECOMMENDATION

Approve the proposed resolution.

Appendix A: Tow by Category Actuals and Projection FY 2024-25 to FY 2025-26

Category	FY 2024-25 (Actual)	FY 2025-26 (YTD)*	FY 2025-26 Projected	% Change
Towaway	11,193	4,681	11,234	0%
Driveway	6,834	3,206	7,694	13%
Scofflaw (Registration & Other)	6,338	2,835	6,804	7%
Stolen Recovery	1,642	446	1,070	-35%
Special Event	1,773	995	2,388	35%
Other Parking Violations	2,073	828	1,987	-4%
Construction	1,906	894	2,146	13%
Hazard	2,039	935	2,244	10%
Yellow Zone	1,512	839	2,014	33%
Arrest/Investigation	1,274	535	1,284	1%
Abandoned	1,315	549	1,318	0%
Unlicensed/Suspended	170	150	360	112%
Accident	215	81	194	-10%
Courtesy (All Types)	200	91	218	9%
Relocation	168	78	187	11%
Hit & Run	43	14	34	-22%
Other	49	25	60	22%
Total	38,744	17,182	41,237	6%

Source: MTA

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103**

**Tenth Amendment
Contract No. 2014-48**

THIS TENTH AMENDMENT (Amendment) is made as of _____ in San Francisco, California, by and between TEGSCO, LLC (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA). (Contractor and City, each a "Party" and collectively the "Parties").

Recitals

- A. The Parties have entered into the Agreement (as defined below).
- B. The Parties desire to modify the Agreement on the terms and conditions set forth herein to: (1) extend the term by nine months, with the option for up to six additional one-month extensions, for a maximum term through June 30, 2027; (2) increase the contract amount by \$22.1 million to compensate Contractor for the extended term and added costs of complying with new insurance requirements imposed by the California Department of Transportation (Caltrans), as the SFMTA's landlord, on the Primary Storage Facility, for a revised not-to-exceed amount of \$158.8 million; (3) incorporate by reference Amendment no. 1 to the 7th Street License, which governs Contractor's use of the Primary Storage Facility and was amended to implement the new insurance requirements; (4) revise Appendix B (Calculation of Charges) to increase the Monthly Management Fee to reflect Contractor's cost of complying with the new insurance requirements and eliminate the annual CPI-based adjustments to Contractor's fees; (5) revise Appendix A (Statement of Services) to incorporate changes made during the term of the Agreement; and (6) update standard contractual clauses.
- C. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through a Request for Proposals (RFP), and this Amendment is consistent with the terms of the RFP and the awarded Agreement.
- D. This is a contract for Services. There is a Local Business Enterprise (LBE) subcontracting commitment of 20% and this Amendment is consistent with that requirement.
- E. This Agreement is for towing services under Proposition J (as defined by the 2023 PSC Policy of the Civil Service Commission) and, as such, is exempt from Civil Service Commission review.
- F. The SFMTA has filed Ethics Form 126f4 (Notification of Contract Approval) because this Agreement, as amended herein, has a value of \$100,000 or more in a fiscal year and required the approval of City's Board of Supervisors.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 Agreement. The term “Agreement” shall mean the Agreement dated April 1, 2016, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,
First Amendment, dated November 17, 2017,
Second Amendment, dated July 1, 2019,
Third Amendment, dated April 1, 2021,
Fourth Amendment, dated April 11, 2022,
Fifth Amendment, dated April 12, 2022,
Sixth Amendment, dated June 17, 2022,
Seventh Amendment, dated November 2022,
Eighth Amendment, dated May 22, 2023, and
Ninth Amendment dated May 6, 2025.

1.2 Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 Article 2: Term of the Agreement. Article 2 of the Agreement currently reads as follows:

2.1 The term of this Agreement shall commence on April 1, 2016, and expire March 31, 2026, unless earlier terminated as otherwise provided herein.

Article 2 is amended to read as follows:

2.1 The term of this Agreement shall commence on April 1, 2016, and expire on December 31, 2026, unless earlier terminated as otherwise provided herein.

2.2 The SFMTA may extend the term of this Agreement for up to six additional one-month extensions without modifying the Agreement’s terms and conditions. Each extension may be exercised by written notice to Contractor signed by the Director of Transportation. No formal amendment is required to exercise these options, so long as the pricing for the extension period(s) is as set forth in Appendix B to this Agreement.

2.2 Section 3.3.1: Payment. Section 3.3.1 of the Agreement currently reads as follows:

3.3.1 Payment. Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, “Calculation of Charges.” Compensation shall be made for Services identified in the invoice that the SFMTA’s designee, in his or her sole discretion, concludes have been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed \$136,700,000 (One Hundred Thirty-Six Million Seven Hundred Thousand Dollars). The breakdown of charges associated with this Agreement appears in Appendix B, “Calculation of Charges,” attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments.

Section 3.31 is amended to read as follows:

3.3.1 Payment. Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, “Calculation of Charges.” Compensation shall be made for Services identified in the invoice that the SFMTA’s designee, in their sole discretion, concludes have been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed \$ 158,800,00 (One Hundred Fifty-Eight Million Eight Hundred Thousand Dollars). The breakdown of charges associated with this Agreement appears in Appendix B, “Calculation of Charges,” attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments.

2.3 Section 4.3: Designated Facilities. Section 4.3 of the Agreement currently reads as follows:

4.3 Designated Facilities. Contractor shall perform the Services required under this Agreement at the Long-term and Primary Storage Facilities and, if so requested by City, at one or more Temporary Storage Facilities, all of which shall be located on premises designated by City.

4.3.1 Long-term Storage Facility. As of the Effective Date of this Agreement, the City has designated 2650 Bayshore Boulevard, Daly City, California as the site of the Long-term Storage Facility. Contractor shall operate the Long-term Storage Facility from 2560 Bayshore Boulevard in accordance

with the terms and conditions of the “2650 Bayshore License,” attached as Appendix D to the Agreement (dated April 1, 2016) and incorporated by reference as though fully set forth herein. At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Long-term Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order issued under Section 4.1.2 and license agreement with terms and conditions substantially similar to the 2650 Bayshore License.

4.3.2 Primary Storage Facility. As of the Effective Date of this Agreement, the City designates 450 7th Street, San Francisco, California as the site of the Primary Storage Facility. As of October 1, 2016, Contractor shall operate the Primary Storage Facility from 450 7th Street in accordance with the terms and conditions of the Revocable License to Enter and Use Property at 450 7th Street (“the 7th Street License”), attached as Appendix F to the Second Amendment and incorporated by reference as though fully set forth herein. At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Primary Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order, issued under Section 4.1.2, and license agreement with terms and conditions substantially similar to the 7th Street License.

4.3.3 Temporary Storage Facility. The parties acknowledge that on-site structural painting or other work by Caltrans at the Primary Storage Facility may require that Contractor relocate—temporarily or for the remainder of the Agreement’s term—all or part of Contractor’s towing- and storage-related operations to one or a Temporary Storage Facilities. In such case, Contractor agrees to (i) execute with the City a license agreement for the Temporary Storage Facility, which shall have terms and conditions substantially similar to the 2650 Bayshore License and 7th Street License; and (ii) relocate all or part of Contractor’s towing- and storage-related operations in accordance with a task order the City issues under Section 4.1.2, the terms of which Contractor agrees to negotiate with the City in good faith.

Section 4.3 is amended to read as follows:

4.3 Designated Facilities. Contractor shall perform the Services required under this Agreement at the Long-term and Primary Storage Facilities and, if so requested by City, at one or more Temporary Storage Facilities, all of which shall be located on premises designated by City.

4.3.1 Long-term Storage Facility.

(a) As of the Effective Date of this Agreement, the City has designated 2650 Bayshore Boulevard, Daly City, California as

the site of the Long-term Storage Facility. Contractor shall operate the Long-term Storage Facility from 2560 Bayshore Boulevard in accordance with the terms and conditions of the “2650 Bayshore License,” attached as Appendix D to the Agreement (dated April 1, 2016) and incorporated by reference as though fully set forth herein.

- (b) At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Long-term Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order issued under Section 4.1.2 and license agreement with terms and conditions substantially similar to the 2650 Bayshore License.

4.3.2 Primary Storage Facility.

- (a) Effective October 1, 2016, the City, as tenant, entered into an SF Parking Airspace Lease (“Lease”) with the State of California, acting by and through its Department of Transportation (“Caltrans”), as landlord, for use of the property located at 450 7th Street, San Francisco, California. As of the Effective Date of this Agreement, the City designates 450 7th Street as the site of the Primary Storage Facility. As of October 1, 2016, Contractor shall operate the Primary Storage Facility from 450 7th Street in accordance with the terms and conditions of the Revocable License to Enter and Use Property at 450 7th Street, (“the 7th Street License”), which was attached as Appendix F to the First Amendment, dated October 1, 2016, and is incorporated by reference as though fully set forth herein.
- (b) On November 11, 2024, Caltrans notified the City that new insurance requirements for 450 7th Street would take effect on February 1, 2025. A copy of this notice is attached to this Amendment as Exhibit 4 and is incorporated herein by reference. To implement these requirements and assign responsibility for the associated costs to the Contractor, the Parties executed Amendment No. 1 to the Revocable License Agreement to Enter and Use Property by and between the City and County of San Francisco and TEGSCO LLC, which is attached to this Amendment as Exhibit 3 and incorporated into the Agreement by reference.

(c) At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Primary Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order, issued under Section 4.1.2, and license agreement with terms and conditions substantially similar to the 7th Street License.

4.3.3 Temporary Storage Facility. The Parties acknowledge that on-site structural painting or other work by Caltrans at the Primary Storage Facility may require that Contractor relocate—temporarily or for the remainder of the Agreement’s term—all or part of Contractor’s towing- and storage-related operations to one or a Temporary Storage Facilities. In such case, Contractor agrees to (a) execute with the City a license agreement for the Temporary Storage Facility, which shall have terms and conditions substantially similar to the 2650 Bayshore License and 7th Street License; and (b) relocate all or part of Contractor’s towing- and storage-related operations in accordance with a task order the City issues under Section 4.1.2, the terms of which Contractor agrees to negotiate with the City in good faith.

2.4 Appendix A: Statement of Services. Appendix A is revised to incorporate changes made to the scope of the Services during the term of the Agreement and is attached to this Amendment as Exhibit 1 (Appendix A, Statement of Services – Revised (June 24, 2025)).

2.5 Appendix B: Calculation of Charges. Appendix B is revised to increase the Monthly Management Fee to reflect the updated insurance requirements and is attached to the Amendment as Exhibit 2 (Appendix B, Calculation of Charges – Revised (June 24, 2025)).

Article 3 Updates of Standard Terms to the Agreement

The Agreement is modified as follows:

3.1 Article 1: Definitions. Sections 1.14 and 1.15 are replaced in their entirety to read as follows:

1.14 “City Data” means that data as described in Article 14 of this Agreement, which includes, without limitation, all data collected, used, maintained, processed, stored, or generated by or on behalf of the City in connection with this Agreement. City Data includes, without limitation, Confidential Information.

1.15 “Confidential Information” means confidential City information including, but not limited to, personal-identifiable information (PII), protected health information (PHI), or individual financial information (collectively,

“Proprietary or Confidential Information”) that is subject to local, state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 et seq.); the California Confidentiality of Medical Information Act (Civil Code § 56 et seq.); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of part 164); and San Francisco Administrative Code Chapter 12M (Chapter 12M). Confidential Information includes, without limitation, City Data.

3.2 Section 4.2: Personnel. Section 4.2 of the Agreement is replaced in its entirety to read as follows:

4.2 Qualified Personnel. Contractor represents and warrants that it is qualified to perform the Services required by City, and that all Services will be performed by competent personnel with the degree of skill and care required by current and sound professional procedures and practices. Contractor will comply with City’s reasonable requests regarding assignment and/or removal of personnel, but all personnel, including those assigned at City’s request, must be supervised by Contractor. Contractor shall commit sufficient resources for timely completion within the project schedule.

3.3 Section 4.6: Assignment. Section 4.6 of the Agreement is replaced in its entirety to read as follows:

4.6 Assignment. The Services to be performed by Contractor are personal in character. This Agreement may not be directly or indirectly assigned, novated, or otherwise transferred unless first approved by the SFMTA by written instrument executed and approved as required under City law, the SFMTA Delegation Policy, as amended, and applicable SFMTA policies. Any purported assignment made in violation of this provision shall be null and void.

3.4 Section 11.3. Section 11.3 of the Agreement is replaced in its entirety to read as follows:

11.3 (Reserved)

3.5 Section 11.14: Notification of Legal Requests. A new Section 11.14 is added to the Agreement to read as follows:

11.14 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests (Legal Requests) related to any City Data under this Agreement, and in no event later than 24 hours after Contractor receives the request. Contractor shall not respond to Legal Requests related to City without

first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

3.6 Article 14: Data and Security. Article 14 is replaced in its entirety to read as follows:

14.1 Nondisclosure of Private, Proprietary or Confidential Information

14.1.1 Protection of Private Information. If this Agreement requires City to disclose "Private Information" to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

14.1.2 City Data; Confidential Information. In the performance of Services, Contractor may have access to, or collect on City's behalf, City Data, which may include proprietary or Confidential Information that if disclosed to third parties may damage City. If City discloses proprietary or Confidential Information to Contractor, or Contractor collects such information on City's behalf, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or Confidential Information.

14.2 Payment Card Industry (PCI) Requirements. Contractors providing services and products that handle, transmit or store cardholder data, are subject to the following requirements:

14.2.1 Applications shall be compliant with the Payment Application Data Security Standard (PA-DSS) and validated by a Payment Application Qualified Security Assessor (PA-QSA). A Contractor whose application has achieved PA-DSS certification must then be listed on the PCI Councils list of PA-DSS approved and validated payment applications.

14.2.2 Gateway providers shall have appropriate Payment Card Industry Data Security Standards (PCI DSS) certification as service providers (<https://www.pcisecuritystandards.org/index.shtml>). Compliance with the PCI DSS shall be achieved through a third-party audit process. Contractor shall comply with Visa Cardholder Information Security Program (CISP) and MasterCard Site Data Protection (SDP) programs.

14.2.3 For any Contractor that processes PIN Debit Cards, payment card devices supplied by Contractor shall be validated against the PCI Council PIN Transaction Security (PTS) program.

14.2.4 For items 13.2.1 to 13.2.3 above, Contractor shall provide a letter from their qualified security assessor (QSA) affirming their compliance and current PCI or PTS compliance certificate.

14.2.5 Contractor shall be responsible for furnishing City with an updated PCI compliance certificate thirty (30) calendar days prior to its expiration.

14.2.6 Bank Accounts. Collections that represent funds belonging to the City and County of San Francisco shall be deposited, without detour to a third party's bank account, into a City and County of San Francisco bank account designated by the Office of the Treasurer and Tax Collector.

14.3 Reserved. (Business Associate Agreement)

14.4 Management of City Data

14.4.1 Use of City Data. Contractor agrees to hold City Data received from, or created or collected on behalf, of the City, in strictest confidence. Contractor shall not use or disclose City Data except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work by Contractor or its authorized subcontractors using, or sharing or storage of, City Data outside the United States is prohibited, absent prior written authorization by the City. Access to City Data must be strictly controlled and limited to Contractor's staff assigned to this project on a need-to-know basis only. City Data shall not be distributed, repurposed or shared across other applications, environments, or business units of Contractor. Contractor is provided a limited non-exclusive license to use the City Data solely for performing its obligations under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data by Contractor, subcontractors or other third-parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data and/or machine learning from the data, stored or transmitted by the service, for unrelated commercial purposes, advertising or advertising-related purposes, or for any purpose that is not explicitly authorized other than security or service delivery analysis.

14.4.2 Disposition of City Data. Upon request of City or termination or expiration of this Agreement, Contractor shall promptly, but in no event later than 30 Days, return all City Data given to, or collected or created by Contractor on City's behalf, which includes all original media. Once Contractor has received

written confirmation from City that City Data has been successfully transferred to City, Contractor shall within 10 Days clear or purge all City Data from its servers, any hosted environment Contractor has used in performance of this Agreement, including its subcontractors' environment(s), work stations that were used to process the data or for production of the data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within 5 Days of the purge. Secure disposal shall be accomplished by "clearing," "purging" or "physical destruction," in accordance with National Institute of Standards and Technology (NIST) Special Publication 800-88, or the most current industry standard.

14.5. Ownership of City Data. The Parties agree that as between them, all rights, including all intellectual property rights, in and to City Data and any derivative works of the City Data is the exclusive property of the City.

14.6 Loss or Unauthorized Access to City's Data; Security Breach

Notification. Contractor shall comply with all applicable laws that require the notification to individuals in the event of unauthorized release of PII, PHI, or other event requiring notification. Contractor shall notify City of any actual or potential exposure or misappropriation of City Data (any "Leak") within twenty-four (24) hours of the discovery of such, but within twelve (12) hours if the Data Leak involved PII or PHI. Contractor, at its own expense, will reasonably cooperate with City and law enforcement authorities to investigate any such Leak and to notify injured or potentially injured parties. Contractor shall pay for the provision to the affected individuals of twenty-four (24) months of free credit monitoring services, if the Leak involved information of a nature reasonably necessitating such credit monitoring. The remedies and obligations set forth in this subsection are in addition to any other City may have. City shall conduct all media communications related to such Leak.

14.7 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests (Legal Requests) related to any City Data under this Agreement, and in no event later than 24 hours after Contractor receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

Article 4 Effective Date

Each of the modifications set forth in Articles 2 and 3 shall be effective on and after the date of this Amendment.

Article 5 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY	CONTRACTOR
San Francisco Municipal Transportation Agency	TEGSCO, LLC
Julie Kirschbaum Director of Transportation	<i>Mecklenburg, Frank</i> Frank Mecklenburg CEO
Authorized By: Municipal Transportation Agency Board of Directors	City Supplier Number: 0000048588
Resolution No: _____	
Adopted: _____	
Attest: _____ Secretary to the Board	
Board of Supervisors	
Resolution No: _____	
Adopted: _____	
Attest: _____ Clerk of the Board	
Approved as to Form:	
David Chiu City Attorney	
By: _____ Isidro A. Jiménez Deputy City Attorney	

Exhibits:

Exhibit 1: Appendix A, Statement of Services – Revised (June 24, 2025)

Exhibit 2: Appendix B, Calculation of Charges – Revised (June 24, 2025)

Exhibit 3: Amendment No. 1 to Revocable License Agreement to Enter and Use Property by and between the City and County of San Francisco and TEGSCO LLC

Exhibit 4: Caltrans Letter Dated November 11, 2024 – Notice of Updated Insurance Requirements and Policy Changes Under the Airspace Lease Program

EXHIBIT 1

APPENDIX A

STATEMENT OF SERVICES – REVISED

(JUNE 24, 2025)

APPENDIX A
STATEMENT OF SERVICES – REVISED
(June 26, 2025)

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DEFINITIONS

Administrative Hold	A hold placed on a vehicle impounded by SFPD whereby vehicle may be released only upon written authorization by the SFPD's Traffic Administration Unit. Examples include suspended license, false tags, and expired registration.
Agreement or Contract	The Agreement between the City and County of San Francisco, and TEGSCO, LLC dba San Francisco AutoReturn, SFMTA-CCO No.2014-48, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements that are specifically incorporated into the Agreement by reference as provided herein or in the Contract document.
Auction or Lien Sale	Sale held every other week (or less frequently as approved by the SFMTA) at which members of the public, licensed dismantlers, and licensed dealers purchase vehicles that have gone through the Lien process. There are two types of Auctions: Public and Dismantler.
Auctioneer	Subcontractor that provides an onsite option for holding Auctions on behalf of the SFMTA.
Central Dispatch Facility or Central Dispatch	The location from which the Contractor's staff assigns tow requests to Tow Truck Operators.
Citation	A notice of violation, of the San Francisco Transportation Code or other applicable law, issued to a person or a vehicle by a Parking Control Officer employed by SFMTA Enforcement or a police officer employed by SFPD.
Citation Management System	SFMTA's citation processing management system (eTIMS) or any successor system(s) used by SFMTA for tracking tow requests and Citations.
City	The City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency (SFMTA).
Close Family Member	Spouse, domestic partner, parent or child of the party referenced.
Commute Tows	Tows that are performed from commuter lanes to remove illegally parked vehicles from traffic lanes during Peak Tow Hours.

Complaint	Any issue with service provided by the Contractor within the services of this Agreement that is communicated to the Contractor or the City by a Customer and which is not a Claim. This does not include issues reported to the Contractor by Customers that the Contractor is able to resolve to the satisfaction of the Customer through internal issue resolution procedures.
Contractor	TEGSCO, LLC., dba San Francisco AutoReturn, 2650 Bayshore Blvd, Daly City, CA, 94015
Contract Administrator	Designated SFMTA employee charged with oversight of the provisions of the Agreement.
Contract Monitor	Designated SFMTA employee charged with oversight of the Contractor's operations under the terms of the Agreement.
Customer	A person whose vehicle has been towed or a person who requests assistance that the Contractor is obligated to provide under the terms of the Agreement.
Customer Service Center (CSC)	Portion of the Primary Storage Facility where Contractor's staff serves Customers seeking to retrieve their vehicles or obtain other assistance that is covered under the Agreement.
Department of Public Health of San Francisco (DPH)	City agency authorized to request tows for the purpose of abating a nuisance.
Deficiency Claim	A Claim filed against a registered vehicle owner equal to towing and storage charges, less any amount received from the sale of the vehicle, and which is subject to all rights and limitations set forth in California Civil Code § 3068.2 or any successor statute that creates, defines and limits City's right to such claim.
Delinquent Citation	A Citation that was unpaid past the original due date for payment, upon which penalties for overdue payment have accrued, and which is not scheduled for administrative review or hearing by SFMTA.
Dropped Tow	A vehicle, for which a tow is initiated, then left with the vehicle owner or operator, at the location at which the tow was initiated, upon the request of a Parking Control Officer or police officer.
Effective Date	The date upon which the City's Controller certifies the availability of funds for this Agreement as provided in Section 3.1. of the Master Agreement.
Electronic Form	A computerized form created by the TVMS system that enables the User to input information for processing, and, if applicable, results in a printable Adobe .PDF or equivalent document.

Enforcement	Division of the SFMTA that cites the public for parking and transit violations and assists the SFPD in traffic control.								
Expedited Tow	A tow request initiated by the Tow Desk or the SFPD that is necessary to ensure the safety of the PCO, police officer or public, or to eliminate an immediate hazard.								
Gross Vehicle Weight Rating (GVWR)	<p>The weight of a towed vehicle.</p> <table border="1"> <tr> <td>Type</td> <td>Gross vehicle weight rating</td> </tr> <tr> <td>Light Duty</td> <td>0-10,000 lb. GVWR</td> </tr> <tr> <td>Medium Duty</td> <td>10,001 to 26,000 lb. GVWR</td> </tr> <tr> <td>Heavy Duty</td> <td>26,001 lb. and over GVWR</td> </tr> </table>	Type	Gross vehicle weight rating	Light Duty	0-10,000 lb. GVWR	Medium Duty	10,001 to 26,000 lb. GVWR	Heavy Duty	26,001 lb. and over GVWR
Type	Gross vehicle weight rating								
Light Duty	0-10,000 lb. GVWR								
Medium Duty	10,001 to 26,000 lb. GVWR								
Heavy Duty	26,001 lb. and over GVWR								
Heavy Duty Tow	Vehicle towed that weights more than 26,000 lbs.								
Interactive Voice Response (IVR) System	A telephone system that enables the Customer to access towing data in order to determine if their vehicle has been towed, and if so how to retrieve the vehicle.								
Investigative Hold	A Police Hold imposed on an evidentiary vehicle for the purpose of criminal investigation, whereby vehicle may be released only upon electronic release within the TVMS or written authorization by the SFPD's Traffic Administration Unit. Examples include arrests, No ID and investigation of crime.								
Lien 1 Vehicle	A low-value vehicle, including a vehicle valued at five hundred dollars (\$500) or less, in accordance with Vehicle Code § 22670 (requiring valuation of any vehicle towed by a public agency) and § 22851.2 (regarding vehicles valued at an amount not exceeding five hundred dollars (\$500) and not towed for being abandoned) or a vehicle valued at five hundred dollars (\$500) or less pursuant to § 22851.3 (regarding vehicles towed for being abandoned) and §§ 22851.6 - 22851.10 (regarding disposal procedures for low-value vehicles). If California law is amended subsequent to the Effective Date of this Agreement to change the dollar amounts that trigger requirements for low-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of low-value vehicles.								

Lien 2 Vehicle	A medium-value vehicle valued at more than five hundred dollars (\$500) and up to and including four thousand dollars (\$4,000) in accordance with Vehicle Code § 22670 (requiring valuation of any vehicle towed by a public agency), or over five hundred dollars (\$500) and up to and including four thousand dollars (\$4,000) for the purpose of Vehicle Code § 22851.3 (regarding vehicles towed for being abandoned), and California Civil Code §§ 3067-3075 (setting forth legally required procedures for Lien Sales of towed vehicles). If California law is amended subsequent to the Effective Date of this Agreement to change the dollar amounts which trigger requirements for medium-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of medium-value vehicles.
Lien 3 Vehicle	A high-value vehicle valued at more than four thousand dollars (\$4,000), in accordance with Vehicle Code § 22670, requiring valuation of any vehicle towed by a public agency, and California Civil Code Sections 3067-3075, setting forth required procedures for Lien Sales of vehicles. If California Law amended subsequent to the Effective Date to change the dollar amounts which trigger requirements for high-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of high-value vehicles.
Lien Category	The classification of a vehicle as a Lien 1, Lien 2, or Lien 3 Vehicle in accordance with its appraised value.
Lien Sales	The process of selling vehicles, in accordance with the Vehicle Code or other applicable law, that are not retrieved by their owners.
Light Duty Tow	Vehicle that weighs up to 10,000 lbs.
Long-Term Storage Facility (LSF)	Facility used by Contractor to store vehicles that were not claimed while stored at the Primary Storage Facility, and to conduct Lien Sales.
Medium Duty Tow	Vehicle that weighs between 10,001 and 26,000 lbs.
Monetary Claim (Claim)	A request for compensation for personal injury, loss from or damage to towed vehicle and/or personal property,
No ID	Vehicles are towed because there is no visible Vehicle Identification Number. Subject to examination by the SFPD.
Non-Peak Tow Hours	Monday through Friday 7:00 p.m. to 7:00 a.m. and 9:00 a.m. to 4:00 p.m., Saturday, Sunday, and City holidays.

Notice to Proceed	Letter from the SFMTA to the Contractor indicating the Effective Date of the Agreement.
Parking Control Officer (PCO)	Enforcement employee that cites for parking and transit violations and assists in mitigating traffic conditions.
Peak Service Hours	Monday through Friday, 7:00 a.m. to 8:00 p.m., excluding City holidays.
Peak Tow Hours	Commute hours, when traffic is likely to be heavy: Monday – Friday (excluding City holidays): 7 a.m. to 9 a.m. and 4 p.m. to 7 p.m.
Personal Property Release	A document issued by the Contractor that allows a Customer to retrieve personal belongings from a towed vehicle under supervision of Contractor personnel.
Platform Provider	Subcontractor that provides an internet- or application-based platform for holding Auctions on behalf of the SFMTA.
Police Hold	A hold, either an Administrative Hold or an Investigative Hold, placed on a vehicle by the SFPD in writing which requires a vehicle to be processed in accordance with the Police Hold procedures specified in this Agreement.
Primary Storage Facility (PSF)	Facility where towed vehicles are deposited immediately after tow and stored until they are either claimed by the Customer or transferred to the Long-Term Storage Facility.
Records	The documents Contractor is required to create and maintain under this Agreement, including but not limited to: (1) complete and accurate books, accounts and documentation of financial transactions relating to all items of income received and expenses incurred in the performance of this Agreement; (2) documentation of all vehicles towed; (3) documentation of all vehicles stored; (4) documentation of all Claims; (5) all monthly management reports and other reports Contractor is required to submit to City; (6) charts and diagrams of any property licensed to Contractor by City to fulfill the obligations of this Agreement; (7) other documents or reports as City may require Contractor to produce in the course of performing work under the Agreement; and (8) the Records described in Section 13 of this Appendix A.
San Francisco Recreation and Parks Department (RPD)	City department that manages the City's parks and recreational facilities.
San Francisco Municipal Transportation Agency (SFMTA)	The agency of the City with jurisdiction over all surface transportation in San Francisco.

San Francisco Police Department (SFPD)	San Francisco's law enforcement agency that is authorized to request vehicle tows.
Services	The work performed by Contractor under this Agreement as specifically described in the "Statement of Services" attached as Appendix A, including all Services, labor, supervision, materials, equipment, actions, and other requirements to be performed and furnished by Contractor under this Agreement.
Special Event Tows	Tows of vehicles parked in violation of temporary parking restrictions authorized by Veh. Code section 22651(m) and SF Transportation Code Section 3.4(c).
Sweeps	Special tows that are arranged in advance by an authorized City agency and require several tow trucks to be assigned to the detail.
Tow Desk	The location of SFMTA Enforcement staff that receives tow requests from the Enforcement Division and the SFPD.
Tow Equipment	Tow vehicles and all computer systems, communications devices, hand tools, electric tools, and towing hardware, whether or not expressly listed in this Agreement that are necessary to perform towing Services to the standards of the towing industry and as set forth in this Agreement.
Tow Firm	Organization hired by the Contractor to provide tow trucks to tow vehicles as designated by an authorized agency.
Tow Firm Fee	Fee paid by the Contractor to Tow Firms for each vehicle towed.
Tow Inventory Slip	Form used to document towed vehicle information, including physical condition and towing authority.
Tow Truck Operator (TTO)	Drivers for Tow Firms.
Towed Vehicle Management System (TVMS)	Software system that supports the Contractor's dispatching, inventory, audit, and customer service responsibilities for the term of the Agreement.
User	Person accessing the Towed Vehicle Management System.
UTID	SFPD vehicle classification that means that after examination of the vehicle no means of identification (e.g., VIN) could be found.
Vehicle Identification Number (VIN)	The distinguishing 17-digit number or other mark used for the purpose of uniquely identifying a vehicle or vehicle part, as further defined in Vehicle Code § 671.

I. SERVICE REQUIREMENTS

A. City Agencies Authorized to Request Tows

Currently, the City agencies designated to authorize tows from City streets, public property and private property are SFMTA, SFPD, DPH and RPD. The SFMTA, however, reserves the right to add additional City agencies to those authorized. All towing requests (except for Commute Tows, Special Event Tows and Regional Sweeps that are requested in the field) will be called in to the Tow Desk from designated City staff and forwarded to Central Dispatch for processing.

B. Adherence to Applicable State and Local Laws

Notwithstanding any other provision of this Statement of Services, Contractor shall comply with all applicable local, state, and federal laws and regulations relevant to the performance of its duties under this Agreement, including but not limited to those governing the removal, storage, release, and Lien Sale of vehicles. Contractor must ensure that its employees and subcontractors are informed of the requirements of all such laws, in their current form and as they may be amended during the term of the Towing Agreement.

C. Hours of Service

The Contractor shall operate and respond to all tow requests and process intakes and releases of towed vehicles twenty-four (24) hours per day, 365 days per year in accordance with the standards specified in this Agreement.

D. Customer Payment of Fee

The Contractor shall adhere to all requirements regarding payment processing as directed by the SFMTA and the City Treasurer's Office. See Section VII of this Appendix A for details.

E. Adequate Staffing

1. The Contractor must provide staffing that is adequate to meet all service and performance requirements.
2. The Contractor shall seek the SFMTA's prior written approval before making any changes or substitutions to executive management or facilities management personnel. The SFMTA may request a change or reject any substitution. The Contractor must notify the SFMTA of any terminations or resignations by executive management or facilities management within five days of the occurrence.
3. If the SFMTA at any time reasonably determines that the Contractor is employing an insufficient number of employees, the Contractor shall hire such additional employees as the SFMTA determines is reasonably necessary to render the Services required under the Agreement.

F. Customer Service

1. General Requirements

- a. The Contractor shall interact with Customers for the purpose of

retrieving towed vehicles in person, by phone using an interactive telephone system, live operators and via website or other methods mutually agreed upon by SFMTA and Contractor.

- b. Contractor's personnel answering such phones shall be courteous, professional and provide complete information regarding the location of the vehicle, the method of securing its release, directions to the location from which to affect its release, documentation required, charges to be assessed (including required payment of parking Citations if five or more are delinquent) and terms of payment.
- c. The Contractor shall also provide Customers with accurate and timely information regarding their rights with respect to the towed vehicle under this Agreement and all applicable federal, state, and local laws and regulations.
- d. All materials created by Contractor that are intended for use by Customers, whether in written, electronic or audio format, shall be made available in Spanish, spoken Cantonese and written Chinese. The Contractor shall also make best efforts to provide bilingual staff to assist Customers in Spanish and Cantonese, as well as Mandarin, Russian and Vietnamese.

2. Employee Training

- a. The Contractor shall, for new employees, schedule 16 hours of professional job training specializing in customer service that must be approved in advance of the training by the SFMTA. Training must take place ***within the first year after the date specified in the Notice to Proceed*** and must include all employees that have direct interaction with the public, including Tow Truck Operators. The Contractor shall require each employee to obtain a certificate of completion of this training and shall submit the certificates to the SFMTA within 30 days of the first anniversary of the Notice to Proceed.
- b. The Contractor shall require all employees described above to take a minimum of four hours of SFMTA approved outside professional customer service “refresher” training annually for the remainder of the Contract term. The Contractor shall require certificates of completion for this training and shall submit annually them to the SFMTA ***within 30 days of each subsequent anniversary of the date specified in the Notice to Proceed***.
- c. All training costs are the responsibility of the Contractor.

3. Electronic Customer Queue Management

The Contractor shall provide, subject to approval of the SFMTA, a "Take a Number" or other similar queueing system with an electronic message board and audio announcement to be used in the lobby during peak periods of activity to avoid extensive waiting in line by Customers and to communicate procedures and documentation that might be required once called to the window. The queueing system shall be in place **as of the date specified in**

the Notice to Proceed.

4. Customer Calls

a. Telephone Operators

- i. The Contractor shall provide a dedicated phone line and ensure that live telephone operators are available at all times, 24 hours a day, seven days a week, to respond to calls from the public about towed vehicles.
- ii. All calls shall be answered within 30 seconds and without a busy signal. Contractor's telephone system shall be set up to automatically roll to the next available operator when calls come in.
- iii. The Contractor shall ensure that within each calendar month at least 95% of Customers reach a live operator within three minutes of request; and that 98% of Customers reach an operator within five minutes of request, within a calendar month.

b. Interactive Voice Response (IVR) System

- i. The Contractor shall establish and maintain one customer service phone line with an IVR that the public may call for information regarding towed vehicles ***date specified in the Notice to Proceed.*** This phone line shall be independent of the phone line used for requests for Dispatch Tows.
- ii. The computerized IVR and call distribution system to live operators must have sufficient lines, instruments, hardware, software, and overflow safeguards to meet the service requirements of this Agreement.
- iii. The Contractor's IVR shall have a menu selection that offers basic information to the public in English, Spanish, Cantonese (within 90 days of the date specified in the Notice to Proceed) and any additional languages that may, in the future, be required by City regulations. The IVR shall also have the ability to queue calls after the caller requests a live operator and have an alarm system to alert office staff if a call has been on hold for more than the approved time. The Contractor shall periodically check functionality and resolve performance issues with the IVR.
- iv. The Contractor shall, within 90 days of the date specified in the Notice to Proceed, create a computerized, voice prompted Customer service survey available as an option to all Customers. The Contractor shall ensure that Customers who participate in the survey remain anonymous. Following the interaction between Customers and the Customer Service Center, Customers will be asked to rate the following:
 - Was the agent polite, thorough and knowledgeable
 - Was the Customer's question answered

- Was the Customer given clear instructions on how to retrieve a vehicle
- Was the Customer given appropriate information, including how to dispute a Citation at the SFMTA Review Center
- Was the Customer's call answered in a reasonable amount of time

v. The Contractor shall develop a script for approval by the SFMTA.

c. Call Volume Reporting

The Contractor shall provide a monthly summary report with the following elements:

- i. The total number of calls per hour,
- ii. Total number of calls each day,
- iii. The number of calls disconnected by the Customer requesting to speak with an agent before the call is answered.
- iv. Summary Chart showing the following:

a.	< 3 minutes	3-5 minutes	> than 5 minutes
Number of calls	i	g	h.
Percentage of calls	j	k	l.
Average wait time	l	o	p.
Average call (talk) time	q	s	t.

v. Detailed call listing showing call status, wait time, and call duration.

d. Audio Recordings

- i. The Contractor shall record all customer service calls and indicate to the Customer that their call is being monitored for quality assurance.
- ii. The Contractor shall maintain such audio recordings for a minimum of 120 days.
- iii. Upon the SFMTA's request, the Contractor shall provide SFMTA access to the audio recordings within 48 hours for the purpose of reviewing or copying the recordings.

5. Window Staff

- a. During Peak Service Hours, Contractor shall have enough trained staff working at the Customer Service Center (CSC) to open, in the CSC lobby, up to six service windows, based

on Customer demand.

- b.** For any calendar month, the mean wait time for Customers who wait for window service in the CSC lobby shall not exceed seven minutes. For any calendar month, the mean wait time shall equal the sum of all Customer wait times during the calendar month, divided by the number of Customer wait times.
- c.** Contractor shall ensure all window staff are available to answer telephone calls from the public when not attending to Customers in person.
- d.** For every calendar month, Contractor shall submit to City a monthly report that shows window staffing numbers and patterns at the CSC, as well as mean wait times for Customers during the immediately preceding month.
- e.** Contractor shall ensure all Customer transactions that involve waivers, vouchers, or adjustments are reviewed and validated by the customer service manager and documented in the Towed Vehicle Management System (TVMS).

6. Other Required Customer Service Staffing

- a. The Contractor shall have available at least one customer service manager (or supervisor of sufficient authority and training) to manage Customer questions and unusual matters.
- b. The customer service manager shall be available in addition to required window and other management staff and shall not be included in the count of trained staff present at the CSC.
- c. The customer service manager (or supervisor of sufficient authority and training) shall be present during Peak Service Hours.

7. Dissemination of Customer Information Requirements

a. Facilities

Documents containing the following information shall be printed in at least 12-point font type and shall be posted by the Contractor at each storage Facility in a conspicuous location easily visible to the public. The signage, including languages required, wording, size of letters, and methods of display shall be approved by the SFMTA in advance of posting:

- i. The schedule of all City-approved towing, storage and additional charges as specified in this RFP.
- ii. An explanation of the conditions under which, and the procedure by which, a tow hearing may be requested from the SFMTA.

- iii. Notices informing the public of their Vehicle impound rights and obligations pursuant to California Vehicle Code Section 22852.
- iv. Procedure for filing a Claim for damages incurred to the vehicle or contents thereof as a result of the tow or storage of the vehicle.
- v. The name and address of the Contractor's insurance broker handling the insurance coverage required by the Agreement.
- vi. Notice that a complete copy of the towing Agreement is available for review onsite, can be downloaded from the Contractor's website, or may be obtained at a cost of \$0.10 per page.
- vii. An explanation of the procedure by which all unclaimed vehicles are sold at Auction, including the physical onsite and/or virtual online location(s) of such Auctions and publications in which such Auctions are advertised and stating that all in attendance at such Auction shall have an equal opportunity to bid.

b. Customer Invoices

All Customer invoices shall have printed on them the following:

- An itemized listing of all applicable fees, fines, and other charges
- All waivers and waiver amounts granted, if applicable
- Instructions for requesting a tow hearing, including location of hearings.
- Instructions to provide Customer feedback.

8. Customer Service Website

- a. The Contractor shall create and maintain a website ***by the date specified in the Notice to Proceed*** that provides general information to the Customer as follows:
 - i. The status and location of a specific towed vehicle
 - ii. The total itemized cost of retrieving the Towed vehicle, including Citations, and/or booting fees where applicable, upon integration with the City's designated Citation Management System
 - iii. Any holds that have been assigned to the vehicle, and
 - iv. The allowable methods of payment to retrieve the vehicle.
- b. The Contractor's website shall be available 24 hours a day, 365 days per year. Internet site maintenance and down-time should be scheduled between the hours of 12:00 a.m. and 6:00 a.m., except as otherwise necessary.

- c. The Contractor shall periodically update the website as needed to incorporate upgrades that enhance the User experience as they become available.
- d. The website shall provide a customer service survey option, subject to SFMTA approval.

9. Commitments to City Support

- a. The Contractor shall provide a contact list for key management personnel responsible for supporting Services under this Agreement.
- b. Contractor shall provide a contact number for those situations requiring a response within 15 minutes of inquiry.

10. Customer Service Plan

The Contractor shall create a Customer Service Plan as part of the Operations Manual ***within 90 days of the Notice to Proceed***. Details on plan requirements are in Section VI of this appendix.

11. Verification of Qualifications for Fee Reductions or Waivers

- a. Contractor shall access the Verification Database only to confirm whether HSA has previously and recently verified a tow customer's income, or whether HSH has previously and recently verified a tow customer's eligibility for HSH services. The objective is to permit Contractor to rely on HSA's or HSH's prior income or eligibility verification, when available, to deem tow customers eligible for SFMTA-offered benefits such as low-income discounts or fee waivers.
- b. Contractor acknowledges that the Verification Database contains PPI and is proprietary to HSA, and agrees to safeguard PPI from unauthorized disclosures, including but not limited to keeping such PPI confidential, except to the extent disclosure is required to administer the SFMTA's low-income discount or fee waiver programs.
- c. Contractor shall use appropriate administrative, physical, and technical safeguards consistent with best practices in Contractor's industry for handling PPI to prevent the unauthorized use or disclosure of PPI.
- d. Contractor shall protect against any reasonably anticipated threats or hazards to the security or integrity of the Verification Database. Contractor shall provide training on PPI privacy and security to Authorized Users and shall ensure Authorized Users shall not download, create, or transfer PPI offsite without prior written authorization from the SFMTA.
- e. Contractor shall notify the SFMTA within five calendar days of any suspected misuse or disclosure of PPI, or any unauthorized access to the Verification Database.
- f. Contractor shall take prompt corrective action to remedy any unpermitted disclosure of PPI and take all reasonable steps to mitigate

any harmful effect of an unauthorized use or disclosure.

- g. Contractor shall implement these obligations and responsibilities for all Authorized Users accessing the Verification Database.
 - h. Contractor shall provide SFMTA with a single point of contact to coordinate access to the Verification Database and ensure compliance, as follows:
 - i. Provide the SFMTA with a list of names for each individual requesting access to the Verification Database access as an Authorized User;
 - ii. Ensure each Authorized User requesting access to the Verification Database signs the “HSA Data Systems Access Acknowledgment and Agreement Form,” attached hereto as Exhibit I, as a condition of obtaining access;
 - iii. Notify the SFMTA in writing within three business days of the change in employment or status of any Authorized User that is no longer authorized access to the Verification Database;
 - iv. Ensure the Verification Database Authorized User passwords are not shared by or between Authorized Users;
 - v. Review the Verification Database User Guide with Authorized User for training and resolving HSA-HSH Verification Database issues;
 - vi. Assist and cooperate with compliance reviews initiated by the SFMTA to audit Authorized User’s access to, and use of, records from the Verification Database containing PPI.

G. Dispatching Requirements and Equipment Needs

1. GPS Equipment

- a. The Contractor must require all Tow Firms used to provide Services under this Agreement be equipped with a functional global positioning tracking system (GPS) **as of the date specified in the Notice to Proceed.**
- b. The GPS device must allow the Contractor and designated SFMTA employees to accurately track the location of the tow vehicle operators.
- c. If the selected GPS device does not meet the SFMTA’s reasonable expectations based on the GPS standards set forth in the RFP, the City reserves the right to require an alternate device be used, including one that is affixed to the tow truck.

2. GPS Software

- a. The Contractor shall acquire and maintain all necessary software licenses for this GPS tracking system. The Contractor shall provide to SFMTA, at the Contractor’s sole cost, access to the GPS tracking system using an internet-based interface or client-server

application that can operate on the City's WAN.

- b. The Contractor shall install and configure GPS software, provide training at their own cost to both staff and City for the use of the software, and support all activities related to the City's use of the GPS tracking system.
- c. The Contractor shall record the arrival time of Tow Truck Operators to the requested tow location through the GPS system and shall compare the time recorded to the time the Tow Truck Operator records their arrival through the TVMS. The Contractor shall ensure that at least 95% of the GPS-recorded arrival locations and the Tow Vehicle Operator locations are identical.

3. Equipment

a. Tow Trucks

- i. The Contractor shall have tow trucks capable of handling light, medium and heavy-duty tows available to tow all vehicles ordered by a designated City agency to be removed from any public street or highway within the City.
- ii. Tow trucks shall be in good operating condition, equipped and prepared to provide expeditious movement of vehicles in all circumstances, including a) light, medium and heavy duty vehicles; b) towing with dollies or flatbeds; c) towing motorcycles; d) towing from off-road areas; e) towing in garages, both underground and multiple story; f) recovery Services; g) towing of vehicles involved in collisions; and h) towing of vehicles with anti-theft locking devices.
- iii. All tow trucks used in the performance of the Agreement's towing Services shall be well-maintained and clean on the interior and exterior.
- iv. The Contractor shall be in compliance with all California Vehicle Code requirements pertaining to the operation and maintenance of tow trucks and operation of its business, including all auxiliary equipment specified on the California Highway Patrol Form number 234 "Annual Tow Truck Inspection Report".
- v. All Tow Truck Operators shall be fully trained on how to use the equipment, how to properly and safely, without damage to the vehicle, tow a vehicle and how to enter all types of vehicles when they are locked, and access is needed in order to tow.

b. Wireless Communication Devices for Tow Truck Operators

i. **As of the date specified in the Notice to Proceed**, the Contractor shall provide a list of approved wireless communications devices (e.g., smart phones) to each Tow Truck Operator that shall be used as digital, hands-free

communication between Contractor's Central Dispatch and the operators.

- ii. The Contractor shall be responsible for all costs associated with all wireless communications devices that are issued to the City.
- iii. The TVMS and associated wireless communications equipment shall have the functionality to do the following:
 - Electronically send tow requests to the Tow Truck Operators.
 - Automatically select the tow vehicle operator assigned for the tow based on proximity and electronically route the request to the Tow Truck Operator.
 - Allow Tow Truck Operators to acknowledge receipt of the tow request and ETA, which in turn shall be electronically transmitted through the TVMS so that both the SFMTA's Tow Desk and Contractor's Dispatch Center are informed that the Tow Truck Operator is in route to the tow.
 - Transmittal of arrival time: The Tow Truck Operator shall have the ability to transmit their arrival at the scene of a tow through their wireless communication device.

c. Land Lines

In addition to transmitting tow requests, acknowledgement of receipt of request and ETA data between the Tow Desk and Central Dispatch through the TVMS, the Contractor shall provide a dedicated telephone land line to be available for communication between Central Dispatch and the SFMTA Tow Desk.

d. Backup Communications Devices

The Contractor shall provide the SFMTA with a minimum of two portable communications devices to be used as an emergency communications method or an alternative mutually agreed upon by the parties **as of the date specified in the Notice to Proceed**.

H. Tow Types and Required Response Times

1. Routine Towing Requests

- a. Contractor shall provide dispatch staff to receive tow requests 24 hours per day, 365 days per year, including holidays. Contractor shall dispatch Tow Truck Operators (TTOs) from Central Dispatch upon request.
- b. During Peak Tow Hours, Contractor shall ensure a dispatch supervisor is on duty at Central Dispatch to manage Contractor's staff and address issues raised by the SFMTA.
- c. In response to requests for Light Duty Tows, Contractor shall arrive at the designated points of tow, with the appropriate equipment,

within the following response times: (i) for requests made during Peak Tow Hours, within 35 minutes; (ii) for requests made during Non-Peak Hours, within 25 minutes; and (iii) for pre-scheduled requests, no later than 10 minutes before the designated time. For any calendar month, Contractor shall achieve these response times at least 90% of the time. Contactor shall track and log in the TVMS response times for all Light Duty Tows.

- d. In response to requests for Medium and Heavy-Duty Tows, Contractor shall arrive at the designated points of tow, with the appropriate equipment, within the following response times: (i) for requests made during Peak Tow Hours, within 120 minutes; (ii) for requests made during Non-Peak Tow Hours, within 90 minutes; and (iii) for pre-scheduled requests, no later than 10 minutes before the designated time. Contractor shall achieve these response times for at least 90% of tow requests during the fiscal year. Contactor shall track and log in the TVMS response times for all Medium and Heavy-Duty Tows.
- e. For all tows, Contractor shall provide the estimated arrival time continuously. Contractor shall also provide appropriate equipment to the designated points of tow.
- f. At all times, Contractor shall ensure that:
 - i. For any calendar month, Contractor shall answer telephone calls from SFMTA's Tow Desk within 90 seconds, for 95% of calls.
 - ii. Contractor's TVMS shall assign tow requests to either Tow Firms or Tow Truck Operators within two minutes after receiving tow requests from the SFMTA. For any calendar month, Contractor shall achieve this requirement for 90% of tow requests within the month. This requirement excludes requests modified by the SFMTA.
- g. Contractor shall submit to the SFMTA a monthly report that shows response times for Tow Desk requests.

2. Expedited Tows

Contractor shall prioritize Expedited Tow requests above all other tow requests, so response time is minimized.

3. Commute Tows, Special Event Tows and Regional Sweeps

- a. The Contractor shall participate in Commute Tows, Special Event Tows and Sweeps requested by SFMTA or SFPD as a part of its regular towing Services.
- b. The SFMTA will provide a schedule of Commute Tows, with times for Tow Truck Operators to arrive, locations, and number of trucks required at the time of the Notice to Proceed. The SFMTA will communicate any modifications to the Commute Tow schedule to

the Contractor at least 24 hours in advance of the change.

- c. The City will notify the Contractor at least 48 hours in advance of the date of a Special Event or Sweep and shall inform the Contractor of the number of tow trucks required, the location, and the time the Tow Truck Operators should arrive. The City will notify the Contractor of any Modifications to scheduled Special Events or Sweeps at least 24 hours in advance.
- d. The SFMTA will provide the Contractor with a schedule of annual Special Events, which may include parades, marathons, and other events. Commercial or residential moves that require vehicles to be towed will be handled as Routine Tow requests unless SFMTA staff designates that the request rises to the level of an Expedited Tow.
- e. The SFMTA requests that the Contractor make every effort to assist, but will not hold the Contractor responsible for Special Event or Sweep tow requests that occur less than 48 hours before the Special Event or Sweep, or to modifications to Commute Tows, Special Events or Sweeps that are given with less than 24 hours' notice.
- f. Tow Truck Operators may leave the location of any Commute Tow, Special Event Tow or Sweep if no PCO arrives after 15 minutes of the scheduled start time.

4. City-Owned Vehicles

- a. At the request of, and at no cost to, the SFMTA or the SFPD, Contractor shall remove or render roadside assistance to disabled City-owned vehicles. Roadside assistance shall be limited to starting stalled vehicles, picking up flat tires and returning flat tires from designated locations, and changing flat tires.
- b. Contractor's mean time to respond to requests from the SFMTA or the SFPD to remove or render roadside assistance to City-owned vehicles shall be no longer than 25 minutes per calendar month. For any calendar month, Contractor's mean response time shall equal the sum of all response times during the calendar month, divided by the number of response times.
- c. Contractor shall absorb the costs of this service and is prohibited from passing the cost onto Tow firms or Tow Truck Operators.

5. Relocation Tows

At the request of an authorized City agency, pursuant to Vehicle Code § 22654(e) relating to authorization for moving a vehicle otherwise lawfully parked, the Contractor shall relocate vehicles as directed.

6. Extended Delay in Tow Response

The Contractor shall not, except in the case of unavoidable delay,

exceed 120 minutes for Light or Medium tow service types during Peak Tow Hours within the City.

7. Tows Requested Outside the Boundaries of the City and County

For tows requested by the City outside the boundaries of the City and County of San Francisco, the Contractor will make its best effort to respond to the tow location within four hours and shall respond within eight hours unless approved in writing by the SFMTA.

8. Reporting Requirements

- a.** The Contractor shall submit a monthly report to the SFMTA that summarizes the categories of tows as described in this section H, the number of tows in each category, and response times for each tow.
- b.** The Contractor shall also track and report monthly the number of tows by violation category where applicable, using categories provided by the SFMTA.

I. Vehicle Intake Procedures

1. Towed Vehicle Data

- a.** The Contractor shall ensure that a record of each dispatched tow request is created in the TVMS ***within five minutes*** of receiving the request.
- b.** The record of the tow itself must be created in the TVMS ***within 15 minutes*** of the vehicle's arrival at the Primary Storage Facility.
- c.** The Contractor must meet these timing requirements ***in 95% of all tows within any given month.***

2. Vehicle Identification Number (VIN)

- a.** The Contractor shall visually inspect any vehicle for which a lien is requested to confirm and record the VIN of a towed vehicle and include the VIN in its lien request to the DMV. Exceptions to the obligation to confirm and record the VIN include:
 - i.** Vehicles subject to SFPD Investigative Holds.
 - ii.** Vehicles identified as No ID vehicles that require SFPD inspection.
 - iii.** Other cases of extenuating circumstances as approved by the SFMTA.
- b.** Contractor shall notify the SFPD ***within 24 hours*** of becoming aware of any vehicle in its possession for which the license plate and the VIN do not match.

3. Personal Property

- a.** The Contractor shall not enter into any vehicle designated as an SFPD hold for retrieval and recording of any personal property

without written authorization of the SFPD.

- b. During intake inspection, personal property in the vehicle of more than \$250 that is visible from the exterior of the vehicle without opening any locked compartment shall be inventoried and as part of the inventory, the Contractor shall record whether or not the vehicle has a locked storage compartment.
- c. This information shall be recorded in the TVMS system, and the vehicle inventory forms shall be kept on file or in electronic form. The Contractor, SFMTA, DPH and SFPD shall endeavor to keep the vehicle locked to the maximum extent possible during the towing and storage process.
- d. The Contractor may remove and separately store personal property from the vehicle for security or other reasons, as necessary.

4. Digital Photo Recording

- a. Tow Truck Operators shall photograph any damage observed on a vehicle to be towed prior to handling the vehicle. These photos shall be made available, within 8 hours, through the TVMS.
- b. The Contractor shall have cameras at both the Primary and Long-Term Storage Facilities and shall take photos of all four sides of the exterior of each vehicle the first time that it is brought into any designated Facility.
- c. These images shall be stored electronically for one year and in a manner that allows prompt retrieval **within one business day** of an authorized City agency's request.
- d. The SFMTA agrees that the requirements of this may be satisfied by extracting still images from continuous video footage.

5. Procedures for Vehicles Impounded by the SFPD

a. SFPD Investigative Holds

- i. The SFPD may designate any vehicle for which it has made a Tow Request as an Investigative Hold vehicle. Investigative Hold vehicles shall be stored in a segregated, secure area, located in designated areas of the Primary and Long-Term Storage facilities.
- ii. No person shall be allowed access to an Investigative Hold vehicle or retrieve personal property from such vehicle without written authorization from the SFPD.
- iii. If the SFPD designates an Investigative Hold vehicle as an evidentiary vehicle at the time of the Tow Request, the Contractor shall ensure that the towing and storage of the vehicle is conducted in accordance with any standards for

handling and preservation of evidence provided to Contractor by the SFPD.

- iv. The Contractor shall maintain the Investigative Hold areas in a manner which ensures its ability to locate vehicles requested by SFPD within one hour of SFPD's request.
- v. The Contractor shall submit a Police Department Procedures Plan to the City describing in detail how it will process Investigative Hold vehicles to meet service requirements specified in this Agreement.

b. No ID Vehicles

- i. The Contractor shall impound all vehicles with no visible VIN under a "No ID" number and shall be designated as a vehicle subject to Investigative Hold and held for inspection by the SFPD Auto Detail regardless of which City agency initiated the Tow Request.
- ii. The Contractor shall include No ID vehicles in regular reports to the SFPD of Police Hold vehicles as specified in Section V of this Appendix A.
- iii. The Contractor shall keep No ID vehicles within the No ID area (excluding oversized vehicles); with the exception that Contractor shall move a No ID vehicle out of the No ID area within twenty-four (24) hours of receiving a request to do so by the SFPD.
- iv. If a VIN is found following inspection by the SFPD, the Contractor shall follow applicable Lien Sale provisions of the Vehicle Code for processing that vehicle. Otherwise, Contractor shall designate the vehicle as an "Unable to Identify" or "UTID" vehicle and, after receipt of a written release by the SFPD (DMV Form 462, "Public agency Authorization of Disposal of Vehicle" or successor form), such UTID vehicle shall be disposed of as required by the Vehicle Code and in accordance with instructions on DMV Form 462 or successor form.
- v. The Contractor shall allow SFPD personnel with written authorization from the Chief of Police to remove parts from any No ID vehicle, except as prohibited in the SFPD approved Police Procedures Plan.

c. Documentation Requirement for SFPD Released Vehicles

- i. The Contractor shall not release or allow parts to be removed from Police Hold vehicles without a release authorization from the SFPD.
- ii. The SFPD will provide the Contractor a standard form to be used for all release authorizations and a list of individuals authorized to provide vehicle and Personal Property Releases.

- iii. Any Electronic Forms shall be capable of being printed in an Adobe.
.PDF or equivalent format.
- iv. The Contractor shall inform the Customer that release of a vehicle subject to Police Hold may only be obtained by going to the SFPD Traffic Administration Unit at 850 Bryant Street, Room 154, to request that the vehicle be released.

d. Recovered Stolen Vehicles

- i. Recovered stolen vehicles may be released from any district police station with presentation of the appropriate SFPD release form or as otherwise specified by SFPD.
- ii. The Contractor shall cooperate with City in the coordination of electronic information between DMV and City, between City agencies, and between Contractor and City for the purpose of early identification of stolen vehicles and prompt notification of the owner.
- iii. Procedures for waivers and reimbursement of towing and storage fees for stolen vehicles are described in Section VII of this Appendix A.

e. Reporting of Police Investigative Holds

- i. The Contractor shall submit to the SFPD a weekly report listing all Investigative Hold vehicles that are currently being stored by the Contractor in accordance with the requirements of Section V of this Appendix A, delivered to the person designated by the SFPD as the inspector in charge of auto Investigative Holds.
- ii. The Contractor shall issue reports to SFPD personnel designated by the Chief of Police in writing, the Director of SFMTA or her or his designee, and the SFMTA Contract Monitor upon occurrence of the following events:
 - A "350 vehicle warning" notice on each day that the number of Investigative Hold vehicles stored by Contractor exceeds 350 vehicles; and
 - An inventory report of Investigative Hold vehicles on each day that the number of Investigative Hold vehicles stored by Contractor exceeds 375 vehicles.

f. Police Administrative Hold Procedures

i. Designation

The SFPD may designate a vehicle as an Administrative Hold vehicle. The Contractor shall identify and track Administrative Holds as either "STOP" holds or "Traffic Administration" holds. Vehicles subject to Administrative Hold by the SFPD or the SFMTA shall not be processed or otherwise treated as Investigative Hold vehicles

ii. Release Restriction

- The Contractor shall not release SFPD Administrative Hold vehicles that are impounded in accordance with the provisions of the Vehicle Code, including Administrative Holds resulting from the SFPD's STOP Program, until receipt of a written authorization for the release by the SFPD.
- The Contractor may proceed with the Lien Sale of the vehicle in accordance with all applicable Lien Sale requirements, without written SFPD release authorization. SFPD STOP Administrative Hold vehicles must be held for at least 30 days prior to Lien Sale.

J. Vehicle Release Procedures

1. Improper Disposal of Vehicles

- a. If, in violation of applicable law or this Agreement, the Contractor releases, sells, disposes of, or otherwise loses possession of or is unable to locate any vehicle that it has towed under this Agreement, notwithstanding any other criminal or civil penalties levied by a court of law, the Contractor **shall have 60 days to resolve** any Claim filed by the vehicle owner for the loss of the vehicle.
- b. The Contractor must notify the SFMTA within 72 hours of any incidents regarding loss of a towed vehicle due to any of the circumstances above.

2. Conditions for Dropped Tow Designation

Tow Truck Operator will conduct a Dropped Tow if the vehicle owner or operator claims the vehicle before one or more of the following has occurred:

- a. All required paperwork or electronic Records are complete.
- b. The Tow Truck Operator has completely attached the Tow Equipment to the vehicle.
- c. The tow truck is in the lane of traffic and ready to drive to the appropriate storage facility. has pulled away from where it was parked.

3. Compensation for Dropped Tows

- a. The Contractor shall compensate the Tow Truck Operator 25% of the base Tow Firm Fee (applicable to Light Duty, Medium Duty, or Heavy Duty tow fees) the Tow Truck Operator would have received had the tow been completed.
- b. The following conditions must be met to qualify for compensation of the Dropped Tow fee:
 - i. The Parking Control Officer must be present before the Tow Truck Operator or Tow Equipment makes contact with

the vehicle.

- ii. The Tow Truck Operator or Tow Equipment makes contact with the vehicle.
- iii. The Parking Control Officer or police officer has requested a dropped tow.
- c. The Contractor and SFMTA shall develop a mutually agreed system to track and monitor tows.
- d. The Contractor shall include in its monthly operational report all vehicle drops.

4. Release Regulations

Towed vehicles shall be released by the Contractor from impoundment in accordance with the California Vehicle Code, and in accordance with such rules and regulations implemented by authorized City agencies to the extent they are consistent with the Vehicle Code.

5. Release Process

When a Customer arrives at the Customer Service Center to retrieve their vehicle:

- a. The Contractor shall identify the requested vehicle by license number, Vehicle Identification Number, vehicle make, date and location of tow or from other information provided by the Customer.
- b. The Customer will be required to provide evidence satisfactory to the Contractor's personnel that she/he is the person entitled to receive the vehicle. This shall include, but is not limited to, a key to the vehicle and a valid operator's license.
- c. The Contractor shall verify that the requested vehicle is registered as defined by California law by reviewing registration tag.
- d. When the Contractor's personnel are satisfied that the Customer is entitled to the vehicle, the Contractor shall record the identity of the person, the number and expiration date of the operator's license, and collect applicable fees. The Contractor shall then release the vehicle to the Customer within one hour of the time the Customer begins the release procedure.
- e. If the vehicle is stored at the Long-Term Storage Facility, transportation to that location will be provided by the Contractor at no charge to the Customer during Long-Term Storage Facility business hours, or the vehicle shall be delivered to the Customer Service Center within one hour of payment of fees associated with vehicle tow.
- f. The Contractor shall collect from the Customer not more

than one Transfer Fee.

- g. The SFMTA may require Contractor to verify valid insurance prior to vehicle release.

6. Release Exceptions

- a. In the event that the SFPD has identified, in writing or via a City-approved electronic means, a vehicle as having a Police Hold, the Contractor shall not release the vehicle without written or electronic authorization from the SFPD.
- b. The Contractor shall NOT return/release a vehicle if the vehicle has five or more delinquent parking violations listed in the SFMTA computer database (scofflaw) until those Citations are paid. Delinquent violations are those Citations that have not been paid and are not scheduled for administrative review or hearing by the SFMTA.
- c. The Contractor shall determine Citation status through authorized access to the SFMTA's Citation Management System.
- d. The Contractor shall refer the Customer to the SFMTA Customer service center, at 11 South Van Ness Avenue, if the Customer wishes to dispute a Citation.
- e. If the Customer wishes to pay the Citations not required for release of a vehicle, the Contractor shall accept payment, record the payment immediately in the SFMTA's Citation Management System and release the vehicle as described above.

7. Personal Property Releases

- a. A Personal Property Release allows the Customer to enter the vehicle, with the supervision of the Contractor, to obtain property from the towed vehicle.
- b. The Contractor's supervision shall include preparing a written inventory of the items removed by the Customer. However, the Contractor has no responsibility for assisting the Customer to remove personal property from the vehicle.
- c. The Contractor shall require the Customer to sign the inventory statement listing the item(s) they removed from the vehicle and shall file the Personal Property Release data collected in the TVMS system or in a paper file with a file name cross referencing the Tow Request ID in the TVMS.
- d. The Contractor shall only release personal property found within any vehicle in its custody when it is satisfied that the Customer is entitled to access the vehicle and only if its contents and the vehicle is not subject to a Police Hold.

8. Valuation of Vehicles

- a. **Lien**

- i. The Contractor shall have each impounded vehicle assigned a lien category (Lien 1, Lien 2, or Lien 3 Vehicle) within three to seven days from the date the vehicle was towed. The Contractor shall assign a lien category by reasonably estimating the appraised monetary value of each vehicle based on available information under penalty of perjury as required by California Vehicle Code Section 22670(b).
 - ii. The Contractor shall comply with all state and local laws and regulations applicable to notice and conduct of Lien Sales of vehicles, including, but not limited to California Civil Code §§ 3068-3074 and Division 11, Chapter 10, Article 2 of the Vehicle Code (§§ 22650 et seq.), and any successor statutes.
 - iii. The Contractor shall make a diligent effort to locate and contact the owner and any lienholder(s) for each impounded vehicle, in accordance with all state and local laws and regulations.
- The Contractor or its designee shall request vehicle ownership information from the DMV for all unclaimed vehicles, and shall, whenever ownership information is available, send lien notices to all interested parties, including registered owners, lien holders and legal owners. Lien notices shall be sent between seven to 15 days, but in no event later than 15 days from the date the vehicle was towed, as required by Vehicle Code Section 3072.
- iv. The Contractor shall use an electronic means of communicating its requests for vehicle license and ownership information to, and of receiving responsive information from the DMV. Exceptions to the deadlines for providing prompt notice of storage to vehicle owners pursuant to this Section include:
 - Vehicles subject to Investigative Holds.
Ownership information for these vehicles should be requested and notices sent within 48 hours after the hold is released by the SFPD, and storage charges shall begin to accrue as of the date of the release of the hold.
 - Vehicles identified as No ID vehicles pursuant to Section II.I.5.b of this Appendix A.
Ownership information for these vehicles should be requested and notices sent within 48 hours after vehicle identification has been provided by SFPD.
 - Vehicles with out-of-state license plates for which the DMV does not have ownership information. Lien notices for these vehicles must be sent to DMV in accordance with the requirements of the Vehicle Code.

- v. The form of notice sent to registered owners, lien holders and legal owners shall be subject to Vehicle Code, Civil Code, and DMV requirements and prior approval by City. Lien sale notices shall include a statement that failure to Claim a vehicle is not sufficient to avoid towing and storage costs in excess of the vehicle's sale price, and that, with the exception of Lien 1 Vehicles, such towing and storage charges in excess of the vehicle's sale price may be subject to collection.
- vi. The Contractor shall provide a bi-weekly Lien Sale report to SFMTA that must include the VIN, license plate number, year and model of each vehicle sold at Auction, the Lien classification of the car, the starting bid amount, the actual sale amount, and a detailed description of the distribution of deficiency or excess proceeds amounts.
- vii. The Contractor shall not sell Lien 1 vehicles at the public Auction. All Lien 1 vehicles shall be sold to dismantlers.
- viii. The Contractor shall create a Vehicle Valuation Plan as part of the Operations Manual elements ***within 60 days of the date specified in the Notice to Proceed.***

b. Lien Sale/Auction Procedures

- i. The Contractor shall track lien-related dates and process the official lien notification paperwork as required for Lien Sales by applicable law in the state of California.
- ii. The Contractor's Lien Sale notice for Lien 2 and Lien 3 vehicles shall include the specific date that the vehicle is scheduled to be sold at Auction. Contractor may use this date to calculate the amount of storage charges due.
- iii. The Contractor shall not process the Bill of Sale and the Certificate of Lien Sale until the Auction sale date and shall include on these forms the name of the buyer and the purchase price of the vehicle.
- iv. Unless the SFMTA has given prior written approval to suspend a scheduled Lien Sale. The Contractor shall conduct Lien Sales at least every other week for vehicles that have been cleared for sale after the lien process is complete.
- v. The day of the week for these Auctions is subject to approval by SFMTA. Currently the SFMTA has approved Wednesday as a regularly scheduled Auction day.
- vi. After the Contractor initiates the lien process for a vehicle with the DMV, Contractor's valuation and classification of the vehicle shall be subject to later adjustment only as directed by or with the approval of the SFMTA's designated personnel.
- vii. In no event shall any impounded vehicle be pulled from a

pending Auction for the purpose of reclassifying the vehicle after the Auction has begun. Changes to this policy require written approval from the SFMTA.

- viii. The Contractor is required to send the excess proceeds to the California Department of Motor Vehicles to be deposited in the Motor Vehicle Account in the State Transportation Fund.
- ix. Vehicles upon which the Contractor issues lien holds shall be stored primarily at the Long-Term Storage Facility. With the exception of Lien 3 Vehicles, which must be held for ten days after the actual date of sale pursuant to Civil Code Section 3071(k), all vehicles that are Auctioned or sold for dismantling shall be removed from the PSF or LSF within one week after the date of sale. Lien 3 Vehicles shall be removed from the PSF or LSF within 14 days of the date of sale.

c. Deficiency Claims

- i. Upon request of the SFMTA, the Contractor shall file Deficiency Claims under California Civil Code § 3068.1, for any fees still owed by the Customer after the Lien sale of vehicles listed as Lien 2 or Lien 3. Before attempting collection of the Deficiency Claim, the Contractor shall send a notice to the registered owner of the amount of the Deficiency Claim, the basis of charges, including the dates and amounts of towing and storage fees, the make, model and license number of the vehicle that is the basis for the Claim, and the amount of the debt, including the amount that is offset by money recovered from the sale or salvage of the vehicle. Documentation of any amounts received by the Contractor on behalf of the City for the sale or salvage of the vehicle shall be included with such notice.
- ii. In the event that SFMTA approves the Contractor using a third-party vendor to provide collection Services on behalf of the City for these Deficiency Claims, the Contractor shall contractually require the third- party vendor to meet the Lien Sale notice requirements of this Section II.J.7. The form of such notice, whether sent by the Contractor or by a third-party vendor, shall be subject to prior approval by City.
- iii. Any amounts incurred to perform these collections will be reimbursed to the Contractor by the SFMTA and all amounts collected will be paid by the Contractor to the SFMTA.

d. Disposal of Unsold Vehicles

At least once every other week Contractor shall remove all sold Lien 1 vehicles from the Long-term Secondary Facility.

e. Records of Vehicle Auction Purchasers

- i. The Contractor shall require all persons who desire to

purchase vehicles at Auction to pre-register. The Contractor shall require all registrants to provide photo identification with current address. Contractor shall maintain Records of each purchaser's name and address.

- ii. The Contractor shall maintain Records of each purchaser's name and address. The information shall be maintained in TVMS and shall be linked to the vehicle purchased.

f. Vehicle Sales to Certain Individuals Prohibited

- i. The Contractor shall not knowingly sell vehicles at Auction to any individuals meeting the following criteria (collectively, "Restricted Auction Participants"):
 - The Contract Monitor and any Close Family Member of the Contract Monitor;
 - The Contractor's employees and any Close Family Member of the Contractor's employees;
 - Any individual designated to provide auditing Services under the Agreement as described; and
 - Any person who is acting or has acted within the previous three years as the Contractor's vehicle Auctioneer, and any Close Family Member of a person who is acting or has acted within the past three years as Contractor's vehicle Auctioneer.
- ii. The Contractor may develop lists of Auction participants who demonstrate a tendency to purchase and subsequently abandon vehicles purchased at Auction on public or private property, and may prohibit such persons and any other persons who are known to have engaged in illegal conduct or conduct prohibited by this Agreement before, during or after an Auction from submitting bids.
- iii. The Contractor must obtain and verify a list of the Restricted Auction Participants at the time of any changes to the current employee list, the Auctioneer and/or the individuals designated to provide auditing Services under the Agreement.
- iv. The Contractor must establish a clear employment policy that prohibits employees and their Close Family Members from making purchases of vehicles at Contractor's Auctions. The policy must be included in Contractor's employee policies manual, and all new employees are required to review and acknowledge acceptance of the employee policies manual at the time of employment.
- v. The Contractor must act immediately to initiate termination proceedings for any employee found to have violated this policy and must immediately notify the City if it has actual knowledge

or suspicion of any employee violating this policy.

- vi. On at least a quarterly basis, The SFMTA may conduct an audit of the of the Restricted Auction Participants list, using the most current list and a random sample set of vehicles sold through the Auction during the given evaluation period, to determine if any vehicle sales within the sample are prohibited under this Section II(J)(7)(f). The Contractor shall provide the necessary tools to facilitate an auditable process.

K. Monetary Claims and Service Complaints Tracking

1. Monetary Claims Procedure

- a. The Contractor shall establish a procedure by which Customers whose vehicles have been towed and/or stored may file a monetary Claim against the Contractor.
- b. The Contractor shall respond to all Monetary Claims ***within 14 days of receipt of the Claim***, either to accept, deny or request further information for investigation.
- c. The Contractor shall in all cases endeavor to resolve Claims fairly and expeditiously. The Contractor must resolve all accepted Claims ***within six months*** of receipt unless:
 - i. Such Claim is abandoned by the Customer's failure to respond to Contractor's communication for a period of one calendar month, or
 - ii. The Claimant files a court action involving the subject of the Claim.
- d. The Contractor shall designate a Claims manager who shall supervise the Contractor's Claims procedures and shall be available during regular business hours to discuss Claims with Customers in person or by telephone.
- e. The Contractor shall maintain electronic Records and an audit trail of all Claims filed and of all correspondence with Customers, including but not limited to denials of Claims, settlement offers and amounts paid on Claims. Records shall be kept for the term of the Agreement, including any extensions.
- f. The Contractor also shall retain any supporting documents submitted with a Claim in accordance with record retention requirements of this Agreement. The Contractor shall respond to City requests to review Records related to Claims within seven days of request.
- g. The Contractor shall track Claims using both paper forms and electronic Records. Using electronic Records, the Contractor shall provide the City with supplemental, specialized reports regarding any Claim upon request within seven days of request.

2. Status Reports of Monetary Claims

The Contractor shall submit a monthly Monetary Claims Status Report that contains the following information:

- a. Claim tracking number
- b. Name of Customer filing Claim
- c. Date Claim received
- d. Name of Contractor employee who processed Claim
- e. Brief description of Claim
- f. Estimated value of Claim, when available
- g. Verified amount of Claim
- h. Status of Claim
- i. Average time between receipt of Claim and resolution of Claim
- j. Brief description of Claim resolution
- k. Date of resolution of Claim

3. Service Complaint Procedure

- a. The Contractor shall establish a procedure by which Customers may submit service Complaints about the Contractor's performance of the Services under this Agreement.
- b. The Contractor shall respond to all Service Complaints, regardless of origin (by mail, phone, in person or via the internet) within seven days of receipt of the Complaint.
- c. The Contractor shall make available to Customers a service Complaint form that includes a self-addressed, pre-paid postage envelope.
- d. The Contractor's Complaint procedure shall allow service Complaints to be submitted by mail, fax, or internet, and shall allow Customers to request a Complaint form by telephone, fax, in person or by email.
- e. The Contractor shall record the name, telephone number, and address of each complainant and the details of each service Complaint.

4. Status Reports of Service Complaints

- a. The Contractor shall maintain a Service Complaint summary in a form acceptable to the SFMTA that contains the following information:
 - i. Complaint tracking number
 - ii. Name of Customer/complainant
 - iii. Date Complaint received

- iv. Name of Contractor employee who processed Complaint
- v. Brief description of Complaint
- vi. Status of Complaint
- vii. Brief description of Complaint resolution
- viii. Date of resolution of Complaint
- b. The Contractor also shall retain any supporting documents submitted with a Complaint in accordance with record retention requirements of this Agreement. The Contractor shall respond to City requests to review Records related to Complaints ***within seven days of request.***
- c. The Contractor shall track Complaints using both paper forms and electronic Records. Using electronic Records, the Contractor shall provide the City with supplemental, specialized reports regarding any Complaint upon request ***within seven days of request.***

5. City Controller's Audits

- a. SFMTA reserves the right to perform compliance or financial audits during the term of the Contract through the Controller's Audit Division or by an auditing firm approved by the SFMTA Controller's Audit Division and the SFMTA. The audit report may include but are not limited to the following:
 - i. All monies collected by the Contractor under the Contract
 - ii. A review of all Auction procedures, including compliance with the legal and contractual requirements for the Lien Sale process
 - iii. Procedures to determine compliance with all requirements of the Agreement.
- b. The Contractor shall also provide SFMTA with a copy of any DMV reports or audits of the Contractor's practices or performance of its responsibilities under Contract that are in the Contractor's possession. If such reports are not in the Contractor's possession, the Contractor shall sign a waiver authorizing DMV to share any such reports with SFMTA.

6. Acceptance of Parking Citation Payments

- a. The Contractor shall accept payment of parking Citations at the Primary Storage Facility's CSC during business hours by any Customer regardless of whether the Customer's vehicle has been towed.
- b. As a condition of release of a towed vehicle, the Contractor shall require payment of all delinquent parking violations on the vehicle if there are five or more delinquent violations assigned to the vehicle (scofflaw).

- c. The Contractor shall deposit all monies collected for parking Citation payments in the SFMTA's account designated by the SFMTA's controller, the next business day. The Contractor shall assume all responsibility for any shortages on monies collected for parking Citation payments.
- d. The Contractor shall utilize the SFMTA Citation Management System to determine open Citations and the amount due on each and shall post payments on an on-line basis to the SFMTA's system 24-hours per day, seven days per week.
- e. The Contractor shall pay for hardware, connections and any other costs associated with making the connection to SFMTA's Citation Management System.

L. Auctions

At the SFMTA's election, in its sole discretion, the Contractor shall conduct Auctions using (i) an internet-based platform ("Online Auction(s)") and/or (ii) live in-person Auctions at the Long-Term Storage Facility ("Onsite Auction(s)"). The requirements for each type of Auction are set forth below.

1. Requirements for Online Auctions

The requirements for Online Auctions are as follows:

- a. The Contractor shall subcontract with an SFMTA-approved Platform Provider to conduct Online Auctions on behalf of the SFMTA.
- b. The internet- and/or application-based platform used to conduct Online Auctions shall be accessible to anyone interested in bidding on a vehicle.
- c. The Platform Provider shall not charge users a fee for participating in an Online Auction.
- d. The Platform Provider shall keep records of the following:
 - i. Each participant, including verified email address, verified mobile phone number, user provided ZIP code, and IP address at time of bid;
 - ii. Each bid and winning bid; and
 - iii. Vehicles sold.
- e. The Platform Provider shall not permit or accept sealed bids.
- f. The Platform Provider will be entitled to receive a per-vehicle Online Auction fee equal to the lesser of 11.4% of the vehicle's final bid price (e.g., the amount of the bid price accepted, excluding any buyer's premiums, taxes, and other fees, including the auction sales service fee owing to the City under San Francisco Transportation Code Section 305(a)(2)) or \$999.00. Such per-vehicle Online Auction fee shall be paid by the buyer.

No fees shall be charged to the SFMTA.

- g. Contractor shall comply with provisions under the California Civil Code by requiring that each vehicle to be auctioned has been available for inspection at a location easily accessible to the public at least one hour before the sale and is at the place of sale at the time and date specified on the notice of sale.
- h. Online Auctions shall be held at least every other week, for a minimum total of 26 Auctions annually. The Contractor shall notify the Platform Provider of the day of regularly scheduled Auctions. The Contractor also shall notify the Platform Provider a minimum of three days before any additional Auctions shall take place.
- i. The Contractor shall provide the Platform Provider a report of all vehicles being auctioned, which shall include at a minimum the vehicle makes, models, and the minimum asking price as determined by Contractor (“Pre- Auction Report”).
- j. The Contractor shall perform software integrations within the TVMS as deemed necessary for Online Auctions to occur.

2. Requirements for Onsite Auctions

The requirements for Onsite Auctions are as follows:

- a. The Contractor shall hire the services of independent Auctioneers at the Contractor own expense.
- b. The Contractor shall rotate a full-time Auctioneer at least once per year except with the SFMTA's prior written approval. The Contractor may propose an alternate model of rotation, but any alternate rotation models are subject to written approval of the SFMTA.
- c. Upon the Contractor's request, and with prior written approval by the SFMTA, an individual who has served as a full-time Auctioneer in the past, but not within the preceding year, may again act as a full-time Auctioneer.
- d. A full-time Auctioneer is defined as one who has performed more than 50% of the Auctions within a given Contract year.
- e. The Contractor shall keep Records of Auctioneer rotation and shall produce those Records within 48 hours of a request from the SFMTA.
- f. Onsite Auctions shall be held at least every other week, for a minimum total of 26 Auctions annually. The Contractor shall notify the Auctioneer of the day of regularly scheduled Auctions. The Contractor also shall notify the Auctioneer a minimum of three days before any additional Auctions shall take place.
- g. The Contractor shall provide the Auctioneer a report of all vehicles

to be auctioned, which shall include at a minimum the vehicle makes, models, and the minimum asking price as determined by Contractor ("Pre-Auction Report").

3. Violations

- a.** Any Platform Provider or Auctioneer who knowingly bids on Lien Sale vehicles in violation of this Agreement, or who conducts an Auction that in any way benefits their own financial interests or the financial interests.
of any Close Family Member, shall be immediately disqualified from conducting any future Auctions.
- b.** The Contractor must act immediately to dismiss a Platform Provider or Auctioneer if the Contractor has actual knowledge of any conduct on the part of the Platform Provider or Auctioneer that is prohibited under this Section, and must immediately notify the SFMTA of any action to address the conduct discovered or suspected.

II. STAFFING

A. Tow Firm/Tow Truck Operator Procedures

1. Subcontracting

The Contractor may subcontract with one or more Tow Firms for the provision of towing Services to Contractor in accordance with the Agreement. The Contractor shall submit a list of subcontractors ***within 30 days of the date specified in the Notice to Proceed.*** The Contractor must notify the SFMTA of any modifications to the submitted subcontractor list.

2. Vehicle Signage

- a.** All tow vehicles used for providing towing Services must bear a sign stating the Contractor's name (above), the Tow Firm's trade name (below), and the Contractor's address and telephone number, all in characters at least 1½ inches high on both tow truck doors.
- b.** All tow trucks shall bear an identifying number in characters at least three inches high on both sides of the vehicle. Detachable signs may not be used for this purpose.

3. Tow Firm Subcontracting Agreements

- a.** Electronic copies of all signed Agreements entered into by the Contractor with Tow Firms shall be available to the ***SFMTA within seven days of signing.***
- b.** The Contractor shall include current documentation of required proof of insurance for each Tow Firm and licenses for operators used by each Tow Firm.

- c. The Contractor is responsible for keeping the SFMTA up to date with the Tow Firms used in performance of the Agreement, including new contracts, the addition or release of any Tow Firm, or renaming of any Tow Firm.

4. Licenses and Permits

- a. The Contractor shall have and maintain at all times valid licenses and permits and shall require the same of any Tow Firms.
- b. The Contractor shall, at a minimum, audit annually all Tow Firms to ensure that all licenses and permits are up to date and valid and maintain a current file for the Contract Monitor to review and approve. The SFMTA shall reserve the right to direct the Contractor to perform more frequent audits.
- c. The Contractor is responsible for any and all Claims arising out of the failure to maintain current permits and licenses.

5. Operator Staffing

- a. The procedures and regulations set forth in Articles 30 and 30.1 of the San Francisco Police Code shall apply to all subcontracting Tow Truck Operators and Tow Firms conducting any tow Services under the Agreement.
- b. The Contractor shall require that all Tow Firms and Tow Truck Operators used in the performance of the Agreement to have a valid tow permit license issued by the SFPD.

6. Uniforms

All subcontractor personnel who have regular, continuous contact with members of the public shall be neat in appearance and courteous to the public.

- a. All Tow Truck Operators must display photo ID badges at all times when on duty. The form and design of the photo ID badges must be approved by the City.
- b. All Tow Truck Operators must wear at all times a standard colored shirt with the name of the employee affixed to right or left side of the shirt. The Contractor or subcontractor's company name shall be displayed on the opposite side of the shirt and/or jacket.

III. TOWED VEHICLE MANAGEMENT SOFTWARE (TVMS)

A. Data Availability

- 1. The Contractor shall provide SFMTA with, and maintain real-time access to, its database of towed vehicles at all times through a web-based system. On-line access shall be available to SFMTA-designated departments and staff.
- 2. The Contractor shall ensure that data stored in the TVMS is

available on a read-only basis that allows the SFMTA and the Contractor to search for vehicles by license number and VIN number, although the Contractor is welcome to add other means of searching for vehicles.

3. The Contractor's database shall not under any circumstances be maintained using proprietary software that will prevent data analysis/extraction using Excel or comparable software.
4. The Contractor's TVMS must be operational and available at least 98% of the time for any individual calendar month, except in case of failure of third-party providers of electrical power, internet access, cellular communications to provide service.

B. Communications

1. The Contractor's system shall store towed vehicle information that includes but is not limited to the following:
 - a. VIN
 - b. Vehicle license plate number and state of origin
 - c. Vehicle make
 - d. Vehicle model
 - e. Vehicle color
 - f. Location of tow (street and cross street)
 - g. Tow date and time
 - h. Tow equipment used
 - i. Reason for tow
 - j. Time of arrival at the storage Facility
 - k. Date and time of transfer between storage facilities
 - l. Dispatcher ID#
 - m. Tow Truck Operator ID#
 - n. Final disposition of vehicle (released or sold)
 - o. Notes Section (Comments added by customer service representatives from conversations with vehicle owner, lien holder, insurance agent, or any other applicable party).
2. The Contractor shall send towed vehicle information collected on every vehicle towed by each responding Tow Truck Operator in real-time to the TVMS using a wireless communications device. Commute Tows, Special Event Tows, and Regional Sweeps information shall be sent once the tow truck arrives at the appropriate Facility, until enhancements enable Tow Truck Operators to initiate TVMS tow Records from the field.
3. The Contractor shall train employees and Tow Truck Operators

on the procedure for inputting the information on towed vehicles. This initial communication will create a new record indexed to the unique, system- generated field in the TVMS for each tow request.

C. User Identification and Permissions

1. The initial User identification for City employees and other authorized representatives and type of access granted, and any changes must be approved by the SFMTA.
2. The Contractor shall maintain a complete list of Users and associated permissions.
3. The User list shall identify the following:
 - a. Name of User
 - b. User's e-mail address
 - c. Agency of User (applicable to City employees and authorized representatives)
 - d. Permissions, including read only, money handling functions, financial adjustment authority, override authority

D. Links to SFPD

1. ***Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan***, the Contractor shall integrate the TVMS to the SFPD's Computer-Aided Dispatch (CAD) system so that officers can input tow information from the police cars using the CAD.
2. In addition, the Contractor shall, upon the request of the City, determine if it is possible to integrate the TVMS with the California Law Enforcement Telecommunication System (CLETS) to facilitate automated reporting of non- consent tows to Department of Justice system,
3. The integration shall be configured so that no restricted information is available to anyone outside the SFPD.

E. Links to Handheld Citation Issuance Devices

Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan, the Contractor shall integrate the TVMS to the SFMTA's handheld Citation issuance devices.

F. Electronic Storing and Retrieval of Tow Inventory Slips

1. The Contractor shall electronically scan and file Tow Inventory Slips of all vehicles being towed and cross-reference the scanned slip to the tow record in the TVMS.
2. The Contractor shall ensure that Tow Inventory Slips are scanned and entered into the TVMS system as soon as the vehicle is delivered

to the PSF or the LSF, and never more than eight hours after a vehicle is towed.

3. Contractor shall ensure that the City has remote electronic access to Tow Inventory Slip information at all times.
4. The Contractor shall retain electronic copies of all tow slips on file for the term of the Agreement. At the end of the Agreement, the SFMTA will indicate what tow slips need to be transferred based on the agency's document retention requirements.

G. Electronic Storing and Retrieval of Waiver/Reimbursement Forms

1. The Contractor shall scan all manually written reimbursement forms and store the forms as an electronically scanned image, cross-referenced to the tow record in the TVMS.
2. The Contractor shall ensure that the SFMTA has remote electronic access to waiver/reimbursement data at all times.

H. Electronic Form

1. Upon request of the SFMTA, and with approval of the SFPD, the Contractor shall develop an Electronic Form for SFMTA and SFPD staff to enter waiver information into the TVMS system. An Adobe .PDF or equivalent copy shall be auto populated and made available through the TVMS for each applicable tow. The Electronic Form will act as a replacement for the current paper waiver forms.
2. The TVMS shall allow the SFPD and SFMTA to enter waiver instructions. The TVMS shall automatically apply any fee reductions based on waiver instructions provided. Only designated Contractor staff shall complete a Customer invoice.

I. Vehicle Inventory

1. ***As of the date specified in the Notice to Proceed***, the Contractor shall maintain an electronic vehicle inventory and vehicle locator system at both the Primary and Long-Term Storage Facilities throughout the term of this Agreement, and any extension(s) thereof, in a manner that is satisfactory to the SFMTA.
2. The Contractor's system must be capable of providing electronically to the SFMTA a daily record containing information including tow date, VIN (if available), vehicle make, model, year, and registered owner of all vehicles and the location of all vehicles both at the time of tow and at any point after the vehicle has been towed.
3. The Contractor shall provide a daily vehicle intake report to authorized City agencies through the TVMS system.

J. Customer Invoices

1. The Contractor shall maintain uniquely numbered invoices of each transaction involving the removal, impoundment, and disposition of all vehicles towed pursuant to the Agreement.

2. Contractor's invoices shall contain the following information: a) date and time an authorized City agency contacts Contractor to request the tow; b) date, time and location of tow and identity of Tow Car Operator; c) make, model, year, vehicle license number and VIN of vehicle towed; d) name and address of registered owner of vehicle towed; e) inclusive dates of and itemized charges for impoundment; and f) date and manner of vehicle disposition and income received therefrom.
3. Electronic Records of all invoices shall be stored in a manner approved by the SFMTA. The SFMTA shall have the ability to review copies of all invoices through the TVMS upon request.
4. The TVMS shall have the ability to separate electronic authorization of waivers by the SFPD or SFMTA from the Contractor's processing of those waivers.

K. Integration of Towing Software with Citation Management System (CMS)

1. ***Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan***, the Contractor shall create an interface between its TVMS and the City's CMS so that Records on each towed vehicle are created in the City's CMS in real-time as the tows occur.
2. Contractor shall ensure that towed vehicle Records in the TVMS are updated in the City's CMS in real-time for any data element that is shared by the CMS and the TVMS.
3. The Contractor must provide City with vehicle intake information to update the CMS within one hour of the intake of the vehicle.
4. The Contractor must enter all vehicle release information into the CMS within twenty-four hours of release of the vehicle.
5. If the vehicle's identifying information cannot be matched between the CMS and the TVMS, the Contractor shall report the discrepancy to SFMTA within 72 hours.
6. At any time during the term of this Agreement the SFMTA may elect to eliminate the use of the City's CMS for entering and tracking towed and impounded vehicles. Should the SFMTA eliminate the data entry of new tow information into the CMS, the interface requirements of this Section would no longer apply. Instead, the sole record of towed and impounded vehicles would be the Contractor's TVMS system, and the City would have the right to audit this data at any time using reasonable auditing methods.
7. If a record of towed and impounded vehicles is no longer maintained in CMS, the Contractor would be required, on a daily basis, to provide the City with a list, in an electronic format that is approved by the City, of all vehicles that are currently impounded.

IV. STORAGE AND CUSTOMER SERVICE FACILITIES

A. Facilities Provided

The SFMTA will make available for the Contractor's use two parcels of property subject to the terms and conditions in the licensing agreements that will be developed from the exemplar in Appendix E of the Tow RFP. The Contractor shall be required to use the Primary Storage Facility for the short-term storage of vehicles towed because they are illegally parked. The Contractor shall use the Long-Term Storage Facility for both the long-term storage of towed and abandoned vehicles that are unclaimed by vehicle owners, and for hosting Auctions of vehicles that are subject to Lien Sale. The Contractor is responsible to keep all open areas on the properties where storage facilities are located maintained in a clean, secure, neat, and visually presentable manner.

B. Facility Relocation or Consolidation; As-Needed Relocation Services

1. The SFMTA, in its sole discretion, reserves the right to move the Primary Storage Facility or Long-term Storage Facility to another location, temporarily or for the remainder of the Agreement's term, or to consolidate these facilities.
2. In the case of such a move or consolidation, and only if so requested by the SFMTA, Contractor shall perform certain As-Needed Relocation Services that may include without limitation the following:
 - u. Perform site preparation work (e.g., cleaning and clearing of site);
 - v. Electrical work and repairs;
 - w. Install or build and maintain on-site improvements (e.g., fencing, lighting, security cameras, waiting area canopy or tent, temporary offices and other temporary structures);
 - x. Install and maintain portable toilets;
 - y. Secure equipment for on-site towing- and storage-related operations (e.g., forklifts, forklift attachments, etc.);
 - z. provide staff, including security guards, lot attendants, customer-service personnel, and cleaning personnel;
 - aa. move on site impounded vehicles from Primary Storage Facility;
 - bb. obtain insurance or other security.

The SFMTA, in its sole discretion, reserves the right to add to these As-Needed Relocation Services additional services of a similar scope as required to facilitate Contractor's move or consolidation. The scope and price for As-Needed Relocation Services shall be established on a case-by-case basis and documented in a task order. (See task order process in Section 4.1.2)

C. Electronic Security Systems

1. The Contractor shall purchase, install and maintain a camera-based security system that can be accessed remotely for the customer service areas, SFPD's Crime Scene Investigation Unit (CSI) bays, all towed vehicle storage areas of the Primary Storage Facility, and the customer service, towed and investigative vehicle storage, and Auction areas of the Long-term Storage Facility.
2. The Contractor's system must have the capacity to allow designated City staff access to camera views at both facilities.
3. The Contractor's system must be reviewed and approved by the SFMTA prior to acceptance.
4. Upon termination of the Agreement, the SFMTA will determine the disposition of the security equipment and will either negotiate purchase of the equipment from the Contractor or will instruct the Contractor to remove all equipment.

D. Licenses for Occupancy

The SFMTA shall grant the Contractor two licenses, one for each Facility, permitting the Contractor to occupy and use each property to perform the operations described herein, subject to the Contractor's compliance with the terms and conditions of the Agreement and license. These licenses will be appendices to the Agreement.

E. Vehicle Dismantling/Crushing Prohibition

The Contractor is prohibited from dismantling or crushing vehicles or removing vehicle fluids at either Facility, except as needed to comply with applicable environmental regulations to be identified in the license for each Facility.

F. Maintenance of Facilities

The Contractor is responsible for ongoing maintenance of all property and equipment within both Facilities, including equipment used by the SFPD as referred to in items G and H of this Section.

G. Primary Storage Facility

1. Components

The Primary Storage Facility, currently located at 450 – 7th Street, consists of the Customer Service Center, short-term parking lot and a segregated, gated area for the SFPD's Crime Scene Investigation unit.

2. Time Constraints

- a. The Contractor shall store all towed vehicles that are normally claimed by their owners within 48 hours after being towed, including all towaway and driveway tows, at the PSF.
- b. Vehicles shall be moved to the Long-term Storage Facility per a schedule approved by the SFMTA. Initiation of the vehicle release

process shall begin at the Primary Storage Facility.

3. Sales Prohibition

No sales of vehicles or parts shall be conducted at the Primary Storage Facility.

4. Customer Service Center

At the CSC, Customers may recover vehicles in person, and may pay towing and storage charges, Citation fees, boot fees, and other applicable fees, and/or process any documentation required for vehicle release.

5. SFPD Investigative Vehicle Work and Storage Areas

- a.** The SFPD currently has indoor space for investigative work done by the Crime Scene Investigation Unit, consisting of two bays and an office, and outdoor space to store investigative vehicles, consisting of covered space for 12 vehicles and additional 38 spaces.
- b.** *Within 60 days of the date specified in the Notice to Proceed*, the Contractor shall obtain a quote, subject to SFMTA approval, for the work necessary to upgrade the current workspace as follows:
 - i.** Remove six current non-working hydraulic vehicle lifts (three in each bay).
 - ii.** Replace with one electronic vehicle lift in one bay, and one electronic lift and one motorcycle lift in the second bay.
 - iii.** Replace current fencing for investigative vehicle storage with aluminum fencing to prevent view of the stored investigative vehicles.
 - iv.** Upgrade lighting within the bays to allow for detailed examination of vehicles on lifts.
 - v.** Install in storage space and bays camera surveillance equipment that saves footage for up to 120 days and can be viewed upon request by the SFPD.
 - vi.** Contractor shall submit all bills for upgrading the CSI bays and fencing to the City for reimbursement.

H. Long Term Storage Facility (LSF)

1. Components

The LSF currently consists of two customer service areas (one for vehicle retrieval and one for Auction-related Services), Contractor office space, an Auction area, and SFPD hold areas (indoor and outdoor) with office space, and long-term vehicle storage space.

2. Business Hours

The Primary Storage Facility shall be open for business 24 hours per day, 7 days per week, including holidays. The Long-Term Storage Facility shall be open for business from 8 a.m. to 5 p.m. Monday through Friday and 8 a.m. to noon on Saturday. However, vehicles stored in the Long-Term Storage Facility must be available for release or transport to the Primary Storage Facility at any time in compliance with the release requirements stated herein.

3. Lease Obligations to Owner of Facility

The Contractor must sign a license with SFMTA for each Facility that includes Contractor's agreement to assume all responsibilities for and be bound by all covenants, terms, and conditions of the SFMTA's lease agreement each Facility.

4. SFPD Requirements

a. The SFPD hold and No ID examination areas are as follows:

- i.** Indoor space for at least twenty-five (25) No ID vehicles.
- ii.** One vehicle lift and one motorcycle lift.
- iii.** Secured indoor space for at least 100 Investigative Hold vehicles.
- iv.** Secured outdoor space for at least 175 Investigative Hold vehicles.

- b.** No person shall be allowed access to an Investigative Hold vehicle or retrieve personal property from such vehicle without written authorization from the SFPD.
- c.** If the SFPD designates an Investigative Hold vehicle as an evidentiary vehicle at the time of the tow request, the Contractor shall ensure that the towing and storage of the vehicle is conducted in accordance with any standards for handling and preservation of evidence provided to Contractor by the SFPD in writing.
 - d.** The Contractor shall maintain the Investigative Hold areas in a manner which ensures its ability to locate vehicles requested by SFPD within one hour of SFPD's request. The Contractor may, from time to time, request training for Tow Truck Operators and employees for the handling of evidentiary vehicles from the SFPD.

I. Additional Requirements for Both Facilities

- 1.** The Contractor must comply with all federal, State and local laws, and safety regulations applicable to its proposed use.
- 2.** The Contractor shall ensure that all areas, including those servicing Customers for vehicle pick up and Auction activities are clean and well maintained.
- 3.** The Contractor shall meet all onsite environmental requirements for handling and storage of hazardous materials.

4. The Contractor shall be responsible for existing gate and fencing maintenance.
5. The Contractor shall repair any damage to the existing pavement on Facility property during the normal course of business.
6. The Contractor shall maintain adequate lighting for indoor and nighttime safety of employees and Customers.
7. The Contractor shall ensure adequate drop off-space so that tow and transport trucks can quickly and efficiently load and unload on the property. No loading, unloading, parking or storage of vehicles shall be permitted on the surrounding public streets or right of ways.
8. The Contractor is prohibited from selling vehicle parts at the Facility.

J. Reconfiguring SFPD Areas

Any modifications to the configuration at the PSF and LSF must be approved, in advance and in writing, by the City.

K. Right to Inspect

Any authorized representative of the SFMTA has the right to inspect the Contractor's Primary and Long-Term Storage Facilities at all times for the purpose of evaluating the Contractor's performance. SFMTA officials and inspectors may conduct periodic site visits at any time to inspect for permit conformance and customer service standards, or to respond to Customer Complaints. Contractor must provide the SFMTA with unrestricted access to the Primary and Long-Term Storage Facilities.

V. REPORTING

- A. The Contractor shall provide SFMTA the ability to access static reports via a real-time, web-based reporting system.
- B. The Contractor's reporting system shall also allow for on-demand, ad hoc requests and system monitoring.
- C. The Contractor shall be prepared to assist the SFMTA in responding to requests for tow-related information from the public and to produce request reports within 48 hours of the request unless otherwise specified.
- D. The TVMS must have the ability to generate predefined reports, including but not limited to the following:

1. Daily Reports

Tow Activity

2. Weekdays

- a. Citations
- b. Holds – Daily
- c. Holds – in excess of 350
- d. Payment Details

- e. Receipt Fee Items
- f. Tow Response – Daily
- g. Unreleased Vehicles

3. Weekly

Holds - Active

4. Monthly Reports

- a. Auctioneer
- b. Claims
- c. Complaints
- d. DBE
- e. Dropped Tows - Monthly
- f. Financial and Operational Summary
- g. Released Vehicles
- h. Sales - Deficiency
- i. Sales - Excess
- j. Service - Call Center
- k. Service - In-Person
- l. Sold Vehicles
- m. Sold Vehicles - Buyers
- n. Special Event Tows - Monthly
- o. Staffing Levels
- p. Stolen Vehicles - Monthly
- q. Stored Vehicles
- r. Survey
- s. Tow Activity - Monthly
- t. Tow Response - Monthly
- u. Transfers – Monthly

5. Quarterly

Subcontractor Performance

6. Fiscal Year

- a. Abandoned Vehicle Abatement
- b. Dropped Tows
- c. Revenue by Agency

- d. Special Event Tows
- e. Stolen Vehicles
- f. Tow Activity - Equipment Type
- g. Transfers

7. Special – every 20 minutes or as needed

Scheduled Tows – Towaway

8. Upon update or as needed

- a. Management Contact List
- b. List of Subcontractors

VI. OPERATIONS MANUAL

- A. The Contractor shall update and submit the plans listed below for SFMTA approval within 90 days of the date specified in the Notice to Proceed. The SFMTA will provide edits within 90 days of the receipt of all plans. The SFMTA reserves the right to request additional updates for one or all plans as needed.
- B. The Contractor is responsible for maintaining an Operations Manual consisting of plans for various Services to be provided under this Agreement.
- C. The Operations Manual shall include the following plans:
 1. Customer Service Plan
 2. Policy and Procedures Plan
 3. Auctioneer Staffing Plan
 4. SFPD Procedures Plan
 5. Public Auction Plan
 6. Monetary Claims Processing Plan
 7. Customer Service Complaint and Response Procedures Plan
 8. Adjustment Procedures, Reconciliation, and Oversight Plan
 9. Security and Personal Property Plan
 - 10. Vehicle Valuation Standards Plan**
 - 11. Facilities Management and Maintenance Plan**
 - a. Pollution prevention
 - b. Preventative maintenance.
 - c. Ensuring the acceptable condition of the premises if Contractor vacates the Facility.
 - d. Safety, (including fire prevention regulations from the San Francisco Fire Department, and training for surveillance of the

premises.

- e. Plans for future tenant Improvements.
- f. Outreach to residents in the immediate vicinity (Bayshore).

VII. FEES, DEPOSITS, AND HANDLING OF MONIES

A. Contractor Fees to the SFMTA

The Contractor shall submit monthly invoices to the SFMTA for fees as outlined in Appendix B – Calculation of Charges.

B. Fees Collected on behalf of the SFMTA

The Contractor shall collect all fees due on a particular vehicle prior to the release of the vehicle, except where specifically noted.

1. Administrative Towing and Storage Fees

The Contractor shall collect SFMTA administrative, towing and storage fees for all vehicles recovered by the vehicle owner. The amount of these fees is subject to change in accordance with the provisions of San Francisco Transportation Code § 305. The schedule of fees shall be posted on the SFMTA's website. The Contractor shall verify that all charges have been codified and shall not collect fees from vehicle owners that are not explicitly listed in the schedule of fees or San Francisco Transportation Code § 305.

2. Citation and Boot Fees

- a. The Contractor shall collect payments of Citation and boot fees from Customers with towed vehicles and from members of the public whose vehicles have not been towed, in accordance with all requirements set forth in this Agreement.
- b. Before releasing a towed vehicle that has five or more delinquent Citations, Contractor must collect payment for all delinquent Citations before releasing the vehicle. When a towed vehicle has fewer than five delinquent Citations, Contractor may accept payment for any delinquent or non-delinquent Citations that the Customer wishes to pay. Payment of Citations is not required for a Customer to secure vehicle release if the vehicle has fewer than five delinquent Citations.

3. SFPD Traffic Offender's Fee

The Contractor shall collect all Traffic Offender's Fees and provide a monthly report of Traffic Offender Fee amounts for the SFMTA.

C. Waiver Protocol

1. The Contractor shall accept waivers issued only by the SFMTA and SFPD with documented (electronic or written) approval by authorized personnel as provided by the SFMTA.
2. Application of waivers to Customer invoices must be processed by

Customer Service Center staff only and must be reviewed by the Customer Service Center's manager (or equivalent).

3. In the event that:
 - a. The SFMTA or the SFPD determines pursuant to a post-storage hearing as required by Vehicle Code § 22852 that the towing, storage, transfer, lien, and/or other fees shall be waived for a vehicle, or
 - b. SFMTA or the SFPD otherwise determines that the fees for the towing, storage, transfer, lien, and/or other fees shall be waived for a vehicle pursuant to Section 303(b) of the Transportation Code,

No such fees shall be charged to the owner or operator of such vehicle. The Contractor shall ensure valid approval of the waiver is received and maintained, and that all transactions are auditable.

4. Failure to adhere to waiver protocol in this section may result in the SFMTA deducting the waiver amount from monthly billings paid to the Contractor.

5. Reimbursements

In the event that the owner or operator of a vehicle has paid for towing, storage, transfer, lien and/or other fees and the City subsequently decides to reimburse the towing, storage, transfer, lien and/or other fees, then Contractor shall direct the Customer to the SFMTA Customer Service Center at 11 South Van Ness Avenue and the City will reimburse the owner or operator in full the amounts previously paid to Contractor for such vehicle, or as directed by the SFMTA.

D. Deposit Requirements

1. The Contractor shall have effective controls to accurately collect and safeguard funds and demonstrate an adequate separation of duties.
2. Except as otherwise specified herein, the Contractor shall deposit all funds collected under this Section VII within 24 hours of receipt into an account specified by the City, Monday through Friday, not including weekends and holidays.
3. Any funds with a deadline for deposit that falls on a weekend or a holiday shall be deposited no later than the next business day.
4. All funds due to the SFMTA under this Section shall be paid by the Contractor without prior demand by the SFMTA and without any deduction, setoff, or counterclaim whatsoever, except as expressly provided herein.

E. Deposit of Funds Collected

The Contractor shall accept the following payment methods:

1. Cash:

- a.** The Contractor shall reconcile all cash receipts on the following business day from the date collected. The Contractor shall deposit all revenue into the SFMTA's designated account on the following business day from the date collected.
- b.** In the event that the Contractor fails to deposit cash revenues, on the following business day from the date collected, the Contractor shall reimburse the SFMTA for the loss of interest for every calendar day that the deposit is delayed.
- c.** The Contractor may be excused from this provision in cases where delay occurred outside of the Contractor's control (e.g., natural disaster, power loss, armored service pick up failure, etc.).
- d.** The Contractor shall notify the SFMTA in writing when this occurs; describing any conditions that it alleges will excuse its performance.
- e.** All cash receiving and reconciliation operations shall be performed under camera surveillance. SFMTA shall have access to a "live" view of such surveillance. The Contractor shall keep an electronic copy of all procedures recorded for a minimum of 90 days. These recordings shall be made available to the SFMTA within one business day of the SFMTA's request.
- f.** All collected funds shall be shipped from Contractor's Facility via armored transport vehicle.

2. Debit and Credit Cards

- a.** The Contractor shall accept debit and credit cards approved by the City, including Discover, Visa, and Master Card. The City currently does not accept AMEX or other cards.
- b.** The City will supply the Contractor with credit card processing terminals and equipment. The Contractor is strictly prohibited from using any credit card processing terminal or equipment not provided by the City.
- c.** The Contractor shall route all credit card payments to the City's merchant account processor, currently Bank of America Merchant Services (BAMS).
- d.** The Contractor shall accept in-person credit card transactions only. The SFMTA reserves the right to approve in writing alternative methods of accepting credit card payments, including online or Interactive Voice Response (IVR) transactions.
The Contractor is strictly prohibited from accepting any credit card payments through a method that is not authorized by the City, including fax payments.
- e.** The City shall designate the gateway provider and reserves the

right to change the gateway provider at any time during the term of the Agreement and the SFMTA may assume costs for gateway fees directly.

- f. Upon notification, the Contractor shall transition to the provider chosen by the City and will negotiate the transition period and charges associated with a change of gateway provider.

3. Checks

- a. The Contractor shall accept checks, with the exception of foreign checks; no foreign checks shall be accepted. All check payments shall be routed to the City's designated account (currently with Bank of America Merchant Systems (BAMS)).
- b. The City will supply and set up all the necessary check scanning and verification equipment and terminals. The Contractor is strictly prohibited from accepting any remotely created checks, faxed checks, or check payments thru a scanner not provided by the City or via other means not approved by the City.
- c. The Contractor shall meet all the preferred technical requirements set forth by the City and BAMS.

F. Record Keeping

1. The Contractor shall maintain, in accordance with generally accepted accounting principles, complete and accurate books of accounts and Records relating to all items of income received and expenses incurred in the performance of this Agreement.
2. Such books of accounts shall be maintained at the site approved by the SFMTA and in compliance with San Francisco Administrative Code Section 67.29-7(c).

G. Payment Shortages

1. Should the Contractor fail to collect all amounts due from a Customer, the Contractor shall pay the SFMTA any amounts not collected as required herein. The Contractor shall follow any procedures required by the SFMTA to report overages or shortages. The SFMTA shall deduct, any payment shortages from any monies due to the Contractor.
2. Exceptions to this requirement are 1) failure is caused solely by the negligence of SFMTA, 2) a failure of the Citation Management System, or 3) failure because vehicle sold at Auction and sale price insufficient to pay all accrued City fees.
3. The Contractor shall inform the Customer that in lieu of providing payment for fees, they have the option to surrender title to their vehicle to City to stop the accrual of storage fees and mitigate the total fees due. The Contractor must provide clear documentation of the

following:

- a. Date of transfer
- b. Estimated Lien valuation (i.e., Lien 1, Lien 2, or Lien 3)
- c. Receipt of the following title transfer documents:
 - i. Certificate of Title (signed by registered owner and legal owner)
 - ii. Application of Duplicate Certificate of Title with current registration (for California only)
 - iii. Bill of Sale
 - iv. Lien Satisfied (this is required if the legal owner has not signed over title)
- d. A written statement that the Customer signs stating as follows:

"I acknowledge that abandoning my vehicle or surrendering the certificate of title does not relieve me of any fees owed for towing, storage, or Citations in excess of the vehicle sale price, and that the remaining balance of fees owed for towing, storage, or Citations, if any, may be subject to collections."

The Contractor shall submit documentation forms for surrender of title to the SFMTA for review and approval prior to distributing to the public.

All documentation shall be scanned and electronically attached to the Customer's towed vehicle file for future reference purposes.

EXHIBIT 2

APPENDIX B
CALCULATION OF CHARGES – REVISED
(JUNE 24, 2025)

APPENDIX B
CALCULATION OF CHARGES – REVISED
(JUNE 24, 2025)

A. Monthly Management Fee:

1. Invoicing and Payment Timing

At the beginning of each calendar month of service, Contractor shall provide an invoice to the SFMTA for the fixed monthly management fee for the same service month in the amount of \$665,356, as adjusted based on the terms of this Appendix B. **No further adjustments shall apply to the fixed monthly management fee after the May 1, 2025 adjustment.** Payment of the invoice shall not be made until after the service month is complete.

2. Fee Adjustment for Tow Volume Changes

If tow volumes increase or decrease significantly, requiring a change in staffing levels, the SFMTA and Contractor will in good faith renegotiate the fixed monthly management fee to ensure that the cost per tow to the public is not impacted.

3. Ongoing Credit Reduction in Management Fee

Beginning May 1, 2020, and for the remainder of the term of the Agreement, the fixed monthly management fee otherwise owing to Contractor shall be reduced by \$39,274.00, which amount will be referred to as the “credit reduction in management fee.” Refer to table in Section A-4 for historical application.

4. Temporary Fee Cap (CPI Give-Back – No Longer in Effect)

Between May 1, 2021, through March 31, 2023, the fixed monthly management fee was temporarily capped at \$706,318.31. This cap was implemented during the COVID-19 emergency period to account for lower tow volumes and related operational impacts. To achieve this cap, a “CPI give-back” total was applied—reducing the adjusted monthly management fee that would otherwise have been owed, as shown in the table below. The CPI give-back expired March 31, 2023, and is no longer in effect.

	Effective Date		
	May 1, 2020	May 1, 2021	May 1, 2022
Monthly Management Fee	\$ 745,592.31	\$ 758,767.39	\$ 758,767.39
Credit Reduction in Management Fee	\$ (39,274.00)	\$ (39,274.00)	\$ (39,274.00)
CPI give back	\$ -	\$ (13,175.08)	\$ (35,938.10)
Net Monthly Management Fee	\$ 706,318.31	\$ 706,318.31	\$ 706,318.31

5. Monthly Adjustment for New Insurance Requirements

Effective the first day of the month immediately following the date of the Tenth Amendment to this Agreement, the fixed monthly management fee otherwise owing to Contractor shall be increased by \$17,707.27 per month to account for the updated insurance requirements under Amendment No. 1 to Revocable License Agreement to Enter and Use Property by and between the City and County of San Francisco and TEGSCO LLC. This insurance cost adjustment shall be applied after all other fee components and shall not be included in the base amount used for calculating future CPI- or volume-based adjustments.

B. Per-Unit Fees:

Within ten days after the end of each calendar month of service, Contractor shall provide an invoice to the SFMTA for Services completed in the immediately preceding month for the following per-unit fees, as adjusted based on the terms of this Appendix B. No further CPI-based adjustments shall apply to per-unit fees after the May 1, 2025 adjustment.

Fee Type	Fee Amount (2016)
Tow fee (per vehicle towed)	\$66.55
Dolly/flatbed fee (per vehicle)	\$40.63
Transfer fee (per vehicle transferred to LSF)	\$31.05
Lien processing fee (per vehicle)	\$15.72
Auction fee (per vehicle sold)	\$73.59
Dropped Tow fee (per vehicle)	\$14.51
Text-Before-Tow Drop fee (per vehicle)*	\$38.00

* Text-Before-Tow Drop fee added by the SFMTA on May 1st, 2023.

C. Annual CPI-Based Adjustments to Fees:

[Amended as of the Tenth Amendment]

Effective **May 1, 2026**, the annual CPI-based adjustments described in this Section C shall no longer apply for the remainder of the Agreement term. Accordingly, the fixed monthly management fee, per-unit fees, and insurance cost adjustment shall remain at their then-current levels, except as otherwise expressly modified by this Appendix B or by written amendment.

[Historical Language from Original Agreement – Retained for Reference Only]

The following provisions reflect the original CPI adjustment mechanism as set forth in the Agreement prior to the Tenth Amendment. These provisions are no longer in effect as of May 1, 2026, but are retained here for historical and interpretive purposes.

Each year, on the first calendar day of the month following the anniversary of the Effective Date of the Agreement, fees listed in this Appendix B shall be adjusted: 1) in direct proportion to the percentage increase in the current Consumer Price Index for Urban Wage Earners for the San Francisco Bay Area ("CPI") for the month immediately preceding the applicable anniversary date ("Current Index") over the CPI for the month of March 2016 ("Base Index"), or 2) by 3%, whichever is lower. If the Current Index has increased over the Base Index, the adjusted fee amount shall be calculated by multiplying the current fee amount by a fraction, the numerator of which is the Current Index and the denominator of which is the Base Index, as follows:

$$(\text{Current Index} \div \text{Base Index}) \times \text{Current Fee} = \text{Adjusted Fee Amount}$$

Note: On May 1, 2018, and May 1, 2023, the SFMTA increased the "Dropped Tow fee" (per vehicle) from \$14.95 to \$20.56 and \$22.76, to \$30.00, respectively, in each case by more than the annual adjustments otherwise authorized under this Appendix B. The SFMTA reserves the right to make similar increases in fees by more than the amounts otherwise authorized in the Appendix B.

D. As-Needed Relocation Services:

Within ten days after the end of each calendar month of service, Contractor shall provide an invoice to the SFMTA for As-Needed Relocation Services, if any, completed in the immediately preceding month. Payment terms for said work shall be set forth in the corresponding task order issued under Section 4.2.

EXHIBIT 3

**AMENDMENT NO. 1 TO
REVOCABLE LICENSE AGREEMENT TO ENTER AND USE PROPERTY
BY AND BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO
AND TEGSCO LLC**

EXHIBIT 4

CALTRANS LETTER DATED NOVEMBER 11, 2024
NOTICE OF UPDATED INSURANCE REQUIREMENTS AND POLICY CHANGES
UNDER THE AIRSPACE LEASE PROGRAM



SFMTA

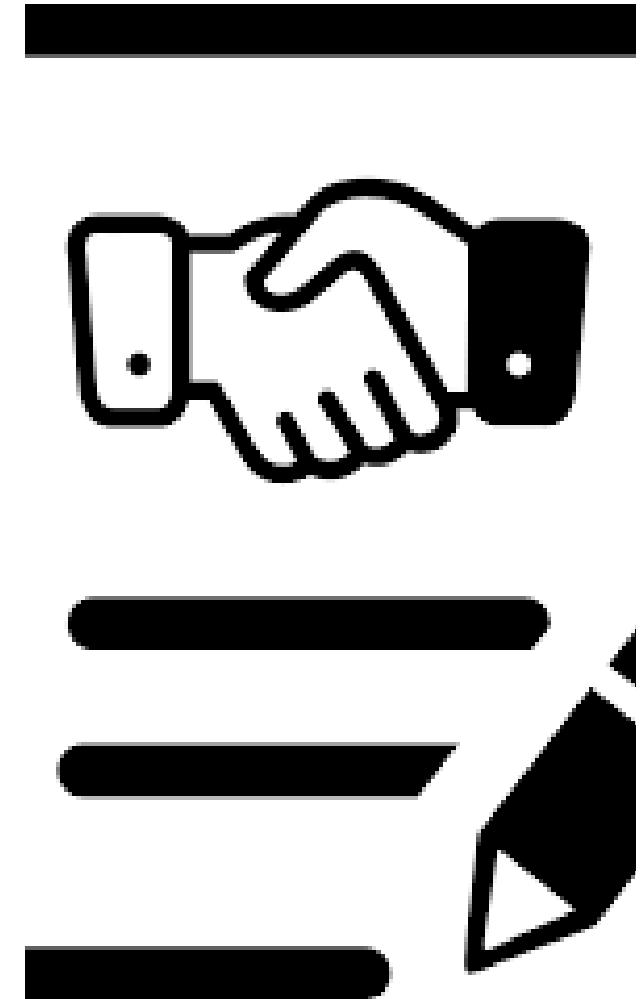
Tenth Amendment to Contract with TEGSCO, LLC for Towing and Storage Services

Board of Supervisors Budget & Finance Committee

January 28, 2026

Contract History

- Initial five-year term began 4/1/2016 with budget of \$65.4 million.
- Five-year extension exercised in 2021 extended contract through 3/31/2026.
- Budget for extension term was approved in pieces by BOS, cumulatively increasing total budget to \$136.7 million to cover full ten-year term through 3/31/2026.



Proposed Tenth Amendment

- Tenth amendment will extend existing agreement with TEGSCO by 15 months and increase the contract amount by \$22.1 million to \$158.8 million.
- Proposed extension increases total term to 11 years, 3 months. Extending term beyond 10 years requires both MTAB and BOS approval.

Proposed Tenth Amendment (cont.)

Below is a breakdown of previously approved and newly requested contract funding for FY26 and FY27.

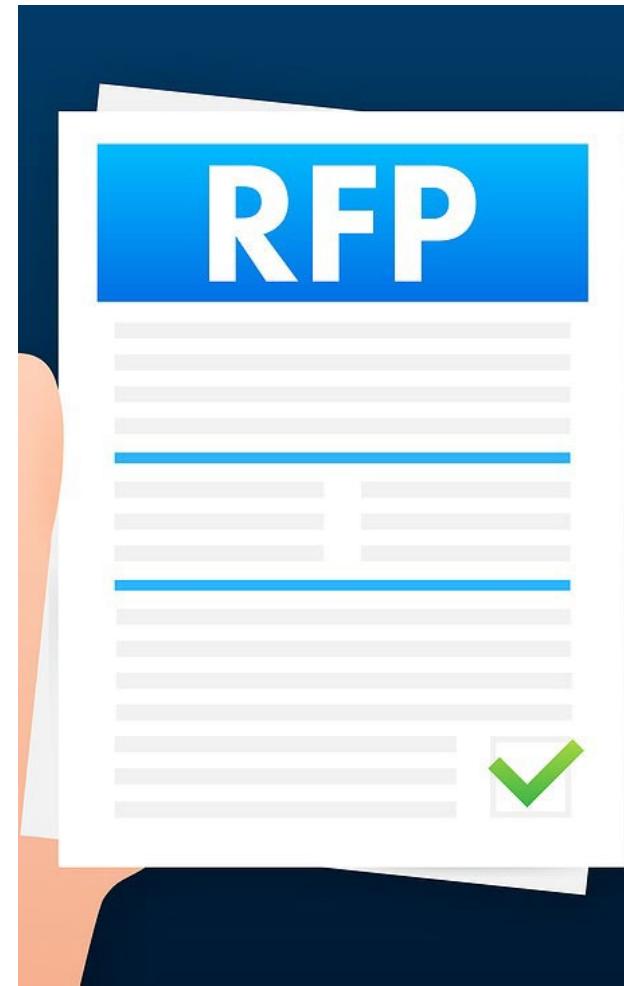
Contract Costs	Approved within Ninth Amendment	Requested within Proposed Tenth Amendment		
	FY25-26 (Q1-Q3)	FY25-26 (Q4)	FY26-27	Total Request
<i>Fixed Management Fees</i> includes customer service staff, TVMS software system, management of tow yards, payment processing and reporting, auction/lien sale management, admin, overhead, insurance premiums and profit	\$6.6 million	\$3.5 million	\$10.1 million	\$13.6 million
<i>Variable Fees</i> fees that apply per vehicle towed, including towing, lien sale, dolly/flatbed and dropped tow	\$4.0 million	\$2.1 million	\$6.4 million	\$8.5 million
Totals	\$10.6 million	\$5.6 million	\$16.5 million	\$22.1 million

Competitive Solicitation Process

- Extending the existing contract will allow time for an expanded competitive solicitation process and a thoughtful re-scoping of the desired vendor scope of services to align with agency budget priorities.
- Request for Information (RFI) issued 7/1/25.
- Vendor community asked for input regarding most efficient methods of re-scoping required services to deliver cost efficiencies.

Competitive Solicitation Process (cont.)

- RFI responses will be considered while developing an updated scope of services to be included in an upcoming Request for Proposals (RFP).
- RFP format will be brought to MTAB for consideration and approval prior to issuance targeted for Q1 2026.
- Agency goal is to save 10% versus current vendor contract expenses.



Thank you.

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave. 7th floor
San Francisco, California 94103**

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**Agreement between the City and County of San Francisco
and**

**San Francisco AutoReturn
for**

**Towing and Storage of Abandoned and Illegally Parked
Vehicles**

Click on this page to be redirected to the Legislative Research Center to view the entirety of this voluminous document

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave. 7th floor
San Francisco, California 94103**

First Amendment to Agreement

Contract No. SFMTA-CCO No. 15-1349

THIS AMENDMENT (this "Amendment") is made as of October 1, 2016, in San Francisco, California, by and between TEGSCO, LLC, dba San Francisco AutoReturn, ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Municipal Transportation Agency ("SFMTA").

RECITALS

- A. City and Contractor have entered into the Agreement (as defined below).
- B. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to include reference to the license agreement between Contractor and the City for property at 7th and Harrison Streets in San Francisco for use, by Contractor, as the Primary Storage Facility under the Agreement.

NOW, THEREFORE, Contractor and the City agree as follows:

1. **Definitions.** The following definitions shall apply to this Amendment:
 - 1a. **Agreement.** The term "Agreement" shall mean the Agreement dated April 1, 2016 between Contractor and City.
 - 1b. **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.
2. **Modifications to the Agreement.** The Agreement is modified as follows:
 - 2a. Section 4.3. (Designated Facilities) is replaced in its entirety to read as follows:

4.3 Designated Facilities. Contractor shall perform the Services required under this Agreement at the Primary and Long-term Storage Facilities, which shall be located on premises designated by City.

4.3.1 Long-term Storage Facility. As of the Effective Date of this Agreement, the City designates 2650 Bayshore Boulevard, Daly City, California as the site of the Long-term Storage Facility. Contractor shall operate the Long-term Storage Facility from 2650 Bayshore Boulevard in accordance with the terms and conditions of the Revocable License to Enter and Use Property at 2650 Bayshore Boulevard ("the 2650 Bayshore License"), which is attached hereto as Appendix D, and is incorporated by reference as though fully set forth herein. At any time during the Term of this Agreement, City may, at its sole and absolute discretion, designate a

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103**

Second Amendment

Contract No. 2016-48

THIS AMENDMENT (Amendment) is made as of **July 1, 2019**, in San Francisco, California, by and between **TEGSCO, LLC., dba San Francisco AutoReturn** (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

- A. City and Contractor have entered into the Agreement (as defined below).
- B. City and Contractor desire to modify the Agreement to change certain service requirements as set forth in this Amendment.
- C. This Amendment makes no adjustment to the amount in the Agreement.
- D. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through a request for proposal process, RFP# 2014-48, issued July 26, 2015, and this modification is consistent with that process.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 Agreement. The term “Agreement” shall mean the Agreement dated April 1, 2016 between Contractor and City, as amended by the:

**First Amendment dated October 1, 2016 and
Second Amendment dated July 1, 2019**

1.2 Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 Appendix A (Statement of Services), Section II.F.5 (Window Staff) is replaced in its entirety to read as follows:

5. Window Staff

- a. During Peak Service Hours, Contractor shall have enough trained staff working at the Customer Service Center (CSC) to open, in the CSC lobby, up to six service windows, based on Customer demand.
- b. For any calendar month, the mean wait time for Customers who wait for window service in the CSC lobby shall not exceed seven minutes. For any calendar month, the mean wait time shall equal the sum of all Customer wait times during the calendar month, divided by the number of Customer wait times.
- c. Contractor shall ensure all window staff are available to answer telephone calls from the public when not attending to Customers in person.
- d. For every calendar month, Contractor shall submit to City a monthly report that shows window staffing numbers and patterns at the CSC, as well as mean wait times for Customers during the immediately preceding month.
- e. Contractor shall ensure all Customer transactions that involve waivers, vouchers, or adjustments are reviewed and validated by the customer service manager and documented in the Towed Vehicle Management System (TVMS).

2.2 Appendix A (Statement of Services), Section II.H.1 (Routine Towing Requests) is replaced in its entirety to read as follows:

1. Routine Towing Requests

- a. Contractor shall provide dispatch staff to receive tow requests 24 hours per day, 365 days per year, including holidays. Contractor shall dispatch Tow Truck Operators (TTOs) from Central Dispatch upon request.
- b. During Peak Tow Hours, Contractor shall ensure a dispatch supervisor is on duty at Central Dispatch to manage Contractor's staff and address issues raised by the SFMTA.
- c. In response to requests for Light Duty Tows, Contractor shall arrive at the designated points of tow, with the appropriate equipment, within the following response times: (i) for requests made during Peak Tow Hours, within 35 minutes; (ii) for requests made during Non-Peak Hours, within 25 minutes; and (iii) for pre-scheduled requests, no later than 10 minutes before the designated time. For any calendar month, Contractor shall achieve these response times at least 90% of the time. Contractor shall track and log in the TVMS response times for all Light Duty Tows.

- d. In response to requests for Medium and Heavy-Duty Tows, Contractor shall arrive at the designated points of tow, with the appropriate equipment, within the following response times: (i) for requests made during Peak Tow Hours, within 120 minutes; (ii) for requests made during Non-Peak Tow Hours, within 90 minutes; and (iii) for pre-scheduled requests, no later than 10 minutes before the designated time. Contractor shall achieve these response times for at least 90% of tow requests during the fiscal year. Contractor shall track and log in the TVMS response times for all Medium and Heavy-Duty Tows.
- e. For all tows, Contractor shall provide the estimated arrival time continuously. Contractor shall also provide appropriate equipment to the designated points of tow.
- f. At all times, Contractor shall ensure that:
 - i. For any calendar month, Contractor shall answer telephone calls from SFMTA's Tow Desk within 90 seconds, for 95% of calls.
 - ii. Contractor's TVMS shall assign tow requests to either Tow Firms or Tow Truck Operators within two minutes after receiving tow requests from the SFMTA. For any calendar month, Contractor shall achieve this requirement for 90% of tow requests within the month. This requirement excludes requests modified by the SFMTA.
- g. Contractor shall submit to the SFMTA a monthly report that shows response times for Tow Desk requests.

2.3 Appendix A (Scope of Services), Section II.H.4 (City-Owned Vehicles) is replaced in its entirety to read as follows:

4. City-Owned Vehicles

- a. At the request of, and at no cost to, the SFMTA or the SFPD, Contractor shall remove or render roadside assistance to disabled City-owned vehicles. Roadside assistance shall be limited to starting stalled vehicles, picking up flat tires and returning flat tires from designated locations, and changing flat tires.
- b. Contractor's mean time to respond to requests from the SFMTA or the SFPD to remove or render roadside assistance to City-owned vehicles shall be no longer than 25 minutes per calendar month. For any calendar month, Contractor's mean response time shall equal the sum of all response times during the calendar month, divided by the number of response times.
- c. Contractor shall absorb the costs of this service and is prohibited from passing the cost onto Tow firms or Tow Truck Operators.

2.4 Appendix B Calculation of Charges is revised in its entirety to read as follows:

Appendix B **Calculation of Charges**

At the beginning of each calendar month of service, Contractor shall provide an invoice to the SFMTA for the fixed monthly management fee for the same service month in the amount of \$665,356. Payment of the invoice shall not be made until after the service month is complete. Should tow volume increase or decrease significantly, requiring a change in staffing levels, the SFMTA and the Contractor will in good faith renegotiate the fixed monthly management fee to ensure that the cost per tow to the public is not impacted.

Within 10 days after the end of each calendar month of service, Contractor shall provide an invoice to the SFMTA for Services completed in the immediately preceding month for the following per-unit fees:

Fee Type	Fee Amount
Tow fee (per vehicle towed)	\$66.55
Dolly/flatbed fee (per vehicle)	\$40.63
Transfer fee (per vehicle transferred to LSF)	\$31.05
Lien processing fee (per vehicle)	\$15.72
Auction fee (per vehicle sold)	\$73.59
Dropped Tow fee (per vehicle)	\$14.51

Each year, **on the first calendar day of the month following the anniversary** of the Effective Date of the Agreement, fees listed in this Appendix B shall be adjusted: 1) in direct proportion to the percentage increase in the current Consumer Price Index for Urban Wage Earners for the San Francisco Bay Area ("CPI") for the month immediately preceding the applicable anniversary date ("Current Index") over the CPI for the month of February 2016 ("Base Index"), or 2) by 3%, whichever is lower. If the Current Index has increased over the Base Index, the adjusted fee amount shall be calculated by multiplying the current fee amount by a fraction, the numerator of which is the Current Index and the denominator of which is the Base Index, as follows:

Current index

Base index

x

Current Fee Amount = Adjusted Fee Amount

2.5 Appendix C (Liquidated Damages), Item 10 is revised in its entirety to read as follows:

Item #	Section	Description of Failure	Threshold for LD Assessment	Potential Assessment	Mechanism for Review
10	II.F.5.b	For any calendar month, mean wait time for Customers waiting for window service in CSC lobby exceeds threshold for LD assessment.	Mean wait time of seven minutes for any calendar month.	The SFMTA will issue a written warning for the first occurrence of failure. Contractor shall have one month to cure by meeting the requirement in the next monthly report. If Contractor does not cure, the assessment will be \$225. Every additional failure shall be assessed at \$225, and no written warning will be issued.	Customer Queue Report/Spot Checking

2.6 Appendix C (Liquidated Damages), Item 17 is revised in its entirety to read as follows:

Item #	Section	Description of Failure	Threshold for LD Assessment	Potential Assessment	Mechanism for Review
17	II.H.1.c	For any calendar month, and in response to requests for Light-Duty Tows, the number of times Contractor arrives at designated points of tow with the appropriate equipment and by the response times required, falls below the threshold for LD assessment.	90% of requests for Light-Duty Tows within a calendar month.	The SFMTA will issue a written warning for the first occurrence or failure. Contractor shall have one month to cure by meeting the requirement in the next monthly report. If Contractor does not cure, the assessment will be \$600. Every additional failure will be assessed at \$600, and no written warning will be issued.	Tow Response Report/Enforcement Notification

2.7 Appendix C (Liquidated Damages), Item 18 is revised in its entirety to read as follows:

Item #	Section	Description of Failure	Threshold for LD Assessment	Potential Assessment	Mechanism for Review
18	II.H.1.d	For any calendar month, and in response to requests for Medium and Heavy-Duty Tows, the number of times Contractor arrives at designated points of tow with the appropriate equipment and by the response times required, falls below the threshold for LD assessment.	90% of requests for Medium and Heavy-Duty Tows within a fiscal year.	No warning letter will be issued. Assessment will be \$1,200 per failure.	Tow Response Report/Enforcement Notification

2.8 Appendix C (Liquidated Damages), Item 24 is revised in its entirety to read as follows:

Item #	Section	Description of Failure	Threshold for LD Assessment	Potential Assessment	Mechanism for Review
24	II.H.4.b	For any calendar month, the mean time for Contractor to respond to requests from the SFMTA or the SFPD to remove or render roadside assistance to City-owned vehicles exceeds the threshold for LD assessment.	Mean response time of 25 minutes for any calendar month.	The SFMTA will issue a written warning for the first occurrence. The Contractor shall have one month to cure by meeting the requirement in the next monthly report. If no cure, the assessment will be \$600. Further Failures will be assessed at \$600 for each month, with no written warning.	Tow Response Report/Enforcement Notification

2.8

Article 3 Effective Date

Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

Article 4 Legal Effect

Except as expressly modified by this Amendment, all the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY	CONTRACTOR
San Francisco Municipal Transportation Agency  <hr/>	TEGSCO, dba San Francisco AutoReturn  <hr/>
Edward D. Reiskin Director of Transportation	John Wicker CEO
Approved as to Form:	
Dennis J. Herrera City Attorney By: <u>Isidro Jiménez</u> Isidro Alarcón Jiménez Deputy City Attorney	City vendor number: 11631

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**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103
Third Amendment
Contract No. 2014-48**

THIS AMENDMENT (Amendment) is made as of April 1, 2021 in San Francisco, California, by and between TEGSCO, LLC., dba San Francisco AutoReturn (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

- A. City and Contractor have entered into the Agreement (as defined below).
- B. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to update certain standard contractual provisions, exercise the Agreement's option to extend its term for five years, ending March 31, 2026, and increase the amount of the Agreement by \$22,800,000 to \$88,200,000 to pay for the first two years of the extended term.
- C. Before the end of the second year of the extended term, pending availability of City funding, City intends to modify the Agreement again to increase the amount of the Agreement to pay for the last three years of the extended term.
- D. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through Request for Proposal No. 2014-48, issued July 26, 2015, and this Amendment is consistent with the process.
- E. The City's SFMTA Board of Directors approved the Agreement, including the option to extend for up to five years by Resolution No. 16-024 on February 16, 2016; the Board of Supervisors approved the Agreement by Resolution No. 0099-16 on March 15, 2016.
- F. The two licenses that authorize Contractor's use, in connection with the Agreement, of the vehicle storage facilities at 2650 Bayshore Boulevard, Daly City, and 450 7th Street, San Francisco (respectively, Appendices D and F of the Agreement) provide that these licenses shall be automatically extended for the same period of the Agreement's extended term.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 Agreement. The term "Agreement" shall mean the Agreement dated **April 1, 2016**, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016 and

Second Amendment, date July 1, 2019

1.2 Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 Article 1 (Definitions). New Sections 1.14 and 1.15 are added to Article 1 of the Agreement to read as follows:

1.14 “City Data” or “Data” means all data given to Contractor by City in the performance of this Agreement.

1.15 “Confidential Information” means confidential City information including, but not limited to, personally-identifiable information (PII), protected health information (PHI), or individual financial information (collectively, “Proprietary or Confidential Information”) that is subject to local, state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 et seq.); the California Confidentiality of Medical Information Act (Civil Code § 56 et seq.); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of part 164); and San Francisco Administrative Code Chapter 12M (Chapter 12M).

2.2 Section 2.1 of Article 2 (Term of Agreement). Section 2.1 of the agreement is replaced in its entirety to read as follows:

2.1 The term of this Agreement shall commence on April 1, 2016, and expire March 31, 2026, unless earlier terminated as otherwise provided herein.

2.3 Section 3.3.1 (Payment). Section 3.3.1 of the Agreement is replaced in its entirety to read as follows:

3.3.1 Payment. Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, “Calculation of Charges.” Compensation shall be made for Services identified in the invoice that the SFMTA’s designee, in his or her sole discretion, concludes has been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed \$88,200,000 (eighty-eight million, six hundred thousand dollars). The breakdown of charges associated with this Agreement appears in Appendix B, “Calculation of Charges,” attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments

2.4 3.6 (Withholding). A new Section 3.6 is added to the Agreement to read as follows:

3.6 Withholding. Contractor agrees that it is obligated to pay all amounts due to the City under the San Francisco Business and Tax Regulations Code during the term of this Agreement. Pursuant to Section 6.10-2 of the San Francisco Business and Tax Regulations Code, Contractor further acknowledges and agrees that City may withhold any payments due to Contractor under this Agreement if Contractor is delinquent in the payment of any amount required to be paid to the City under the San Francisco Business and Tax Regulations Code. Any payments withheld under this paragraph shall be made to Contractor, without interest, upon Contractor coming back into compliance with its obligations.

2.5 Section 4.6 (Assignment). Section 4.6 of the Agreement is replaced in its entirety to read as follows:

4.6 Assignment. The Services to be performed by Contractor are personal in character. Neither this Agreement, nor any duties or obligations hereunder, may be directly or indirectly assigned, novated, hypothecated, transferred, or delegated by Contractor, or, where the Contractor is a joint venture, a joint venture partner, (collectively referred to as an “Assignment”) unless first approved by City by written instrument executed and approved as required under City law and under the policy of the SFMTA Board of Directors. The City’s approval of any such Assignment is subject to the Contractor demonstrating to City’s reasonable satisfaction that the proposed transferee is: (a) reputable and capable, financially and otherwise, of performing each of Contractor’s obligations under this Agreement and any other documents to be assigned, (b) not forbidden by applicable law from transacting business or entering into contracts with City; and (c) subject to the jurisdiction of the courts of the State of California. A change of ownership or control of Contractor or a sale or transfer of substantially all of the assets of Contractor shall be deemed an Assignment for purposes of this Agreement. Contractor shall immediately notify City about any Assignment. Any purported Assignment made in violation of this provision shall be null and void.

2.6 Section 10.11 (Limitations on Contributions). Section 10.11 of the Agreement is replaced in its entirety to read as follows:

10.11 Limitations on Contributions. By executing this Agreement, Contractor acknowledges its obligations under section 1.126 of the City’s Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Contractor’s board of directors; Contractor’s chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by

Contractor. Contractor certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

2.7 Article 14 (Management of Private, Proprietary or Confidential Information and City Data). A new Article 14 is added to the Agreement to read as follows:

Article 14 Management of Private, Proprietary or Confidential Information and City Data.

14.1 Protection of Private Information. If this Agreement requires City to disclose "Private Information" to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

14.2 Confidential Information. In the performance of Services, Contractor may have access to City's proprietary or Confidential Information, the disclosure of which to third parties may damage City. If City discloses proprietary or Confidential Information to Contractor, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or Confidential Information.

14.3 Access to City Data. City shall at all times have access to and control of City Data, and shall be able to retrieve it in a readable format, in electronic form and/or print, at any time, at no additional cost.

14.4 Use of City Data and Confidential Information. Contractor agrees to hold City's Confidential Information received from or created on behalf of the City in strictest confidence. Contractor shall not use or disclose City's Data or Confidential Information except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work using, or sharing or storage of, City's Confidential Information outside the United States is subject to prior written authorization by the City. Access to City's Confidential Information must be strictly controlled and limited to Contractor's staff assigned to this project on a need-to-know basis only. Contractor is provided a limited non-exclusive license to use the City Data or Confidential Information solely for performing its obligations under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data or Confidential Information, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data or Confidential Information by Contractor, subcontractors or other third-parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data, stored or transmitted by the service, for commercial purposes, advertising or advertising-related purposes, or for any purpose other than security or service delivery analysis that is not explicitly authorized.

14.5 Disposition of Confidential Information. Upon termination of Agreement or request of City, Contractor shall within 48 hours return all Confidential Information which includes all original media. Once Contractor has received written confirmation from City that Confidential Information has been successfully transferred to City, Contractor shall within ten business days purge all Confidential Information from its servers, any hosted environment Contractor has used in performance of this Agreement, work stations that were used to process the data or for production of the data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within five business days of the purge.

14.6 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests (Legal Requests) related to all City Data given to Contractor by City in the performance of this, or which in any way might reasonably require access to City Data, and in no event later than 24 hours after it receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

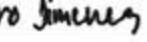
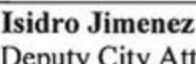
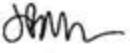
Article 3 Effective Date

Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

Article 4 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY San Francisco Municipal Transportation Agency  <hr/> Jeffrey P. Tumlin Director of Transportation San Francisco Municipal Transportation Agency Board of Directors Resolution No: <u>200216-023</u> Adopted: <u>February 16, 2021</u> Attest:  Secretary, SFMTA Board of Directors Board of Supervisors Resolution No: <u>153-21</u> Adopted: <u>April 13, 2021</u> Attest:  Clerk of the Board Approved as to Form: Dennis J. Herrera City Attorney  By:  Isidro Jimenez Deputy City Attorney	CONTRACTOR TEGSCO, LLC., dba San Francisco AutoReturn  <hr/> John Wicker President and CEO City Supplier Number: 11631
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**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103**

Fourth Amendment

Contract No. 2014-48

THIS AMENDMENT (Amendment) is made as of April 11, 2022, in San Francisco, California, by and between TEGSCO, LLC (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

- A. On April 1, 2016, the City and Contractor, at the time dba San Francisco AutoReturn, entered the Agreement (defined below) for an initial amount not to exceed of \$65,400,000 and an initial five-year term, with an option to extend up to five additional years.
- B. On April 1, 2021, the City and Contractor executed the Third Amendment to update standard contractual provisions; exercise the option to extend the term five years, ending March 31, 2026; and increase the amount not to exceed by \$22,800,000 to \$88,200,000.
- C. The \$22,800,000 increase in the amount not to exceed only covered the first two years of the five-year extension, giving the SFMTA time to assess how the ongoing COVID-19 pandemic will impact the towing program costs, and re-evaluate program policies and funding as the City emerges from pandemic conditions.
- D. On April 7, 2021 (Resolution No. 153-21), the Board of Supervisors retroactively authorized the Director of Transportation (DOT) to execute the Third Amendment, resolving, in part, that the DOT separately approve, in the second year of the extension, the final \$11,600,000 of the \$22,800,000 increase in the amount not to exceed; the Director of Transportation approved the final \$11,600,000 before the effective date of this Amendment
- E. On August 17, 2021, Contractor stopped using the dba name, San Francisco AutoReturn, and began using its legal name, TEGSCO, LLC, in San Francisco, which required that Contractor obtain a new supplier number with the City.
- F. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to update certain standard contractual provisions and memorialize Contractor's dba name change.
- G. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through a Request for Proposals on June 26, 2015, and this Amendment is consistent with the process.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 **Agreement.** The term “Agreement” shall mean the Agreement dated April 1, 2016, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,

Second Amendment, date July 1, 2019, and

Third Amendment, dated April 1, 2021

1.2 **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 New Section 11.14 is added to Article 11 (General Provisions) to read as follows:

11.14 Change in Doing-Business-As Name. Contactor no longer operates in San Francisco using the dba “San Francisco AutoReturn” or “AutoReturn.” All references to “San Francisco AutoReturn,” “AutoReturn,” or any variation of these names, in the Agreement (and in all other provisions in amendments to the Agreement) are hereby replaced with “TEGSCO, LLC.” Contractor has obtained a new City supplier number under the name “TEGSCO, LLC,” which is shown on the signature page at the end of this Amendment.

2.2 Article 14 (Management of Private, Proprietary or Confidential Information and City Data) is revised in its entirety to read as follows:

Article 14

Management of Private, Proprietary or Confidential Information and City Data

14.1 Ownership of City Data. The Parties agree that as between them, all rights, including all intellectual property rights, in and to the City Data and any derivative works of the City Data is the exclusive property of the City.

14.2 Protection of Private Information. If this Agreement requires City to disclose “Private Information” to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

14.3 Confidential Information. In the performance of Services, Contractor may have access to, or collect on City’s behalf, City’s proprietary or Confidential Information, the disclosure of which to third parties may damage City. If City discloses proprietary or Confidential Information to Contractor, or Contractor collects such information on City’s behalf, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or Confidential Information.

14.4 Use of City Data and Confidential Information. Contractor agrees to hold City Data received from, or collected on behalf of, the City, in strictest confidence. Contractor shall not use or disclose City Data except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work using, or sharing or storage of, City Data outside the United States is subject to prior written authorization by the City. Access to City Data must be strictly controlled and limited to Contractor’s staff assigned to this project on a need-to-know basis only. Contractor is provided a limited non-exclusive license to use the City Data solely for performing its obligations under the Agreement and not for Contractor’s own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data or Confidential Information by Contractor, subcontractors, or other third parties is prohibited. For purpose of this requirement, the phrase “unauthorized use” means the data mining or processing of data, stored or transmitted by the service, for commercial purposes, advertising or advertising-related purposes, or for any purpose other than security or service delivery analysis that is not explicitly authorized.

14.5 Disposition of Confidential Information. Upon request of City or termination or expiration of this Agreement, and pursuant to any document retention period required by this Agreement, Contractor shall promptly, but in no event later than 30 Days, return all Data given to or collected by Contractor on City’s behalf, which includes all original media. Once Contractor has received written confirmation from City that the City Data has been successfully transferred to City, Contractor shall within 10 business days clear or

purge all City Data from its servers, any hosted environment Contractor has used in performance of this Agreement, including its subcontractors' environment(s), work stations that were used to process the data or for production of the Data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within five business days of the purge. Secure disposal shall be accomplished by "clearing," "purging" or "physical destruction," in accordance with National Institute of Standards and Technology (NIST) Special Publication 800-88 or the most current industry standard.

14.5 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests (Legal Requests) related to all City Data given by City to Contractor in the performance of this Agreement, or which in any way might reasonably require access to City Data, and in no event later than 24 hours after it receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

Article 3 Effective Date

Each of the modifications set forth in Section 2 shall be effective on and the date of this Amendment.

Article 4 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY	CONTRACTOR
San Francisco Municipal Transportation Agency 	TEGSCO, LLC 
Jeffrey P. Tumlin Director of Transportation	Frank Mecklenburg CEO
Approved as to Form:	City Supplier Number: 48588
David Chiu City Attorney	
By: <u>Isidro Jimenez</u> Isidro Jimenez Deputy City Attorney	

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**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103**

Fifth Amendment

**Contract No. SFMTA 2014-48
CCO# 15-1349**

THIS AMENDMENT (Amendment) is made as of April 12, 2022, in San Francisco, California, by and between TEGSCO, LLC (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

- A. City and Contractor entered into the Agreement (defined below).
- B. On July 6, 2021, the SFMTA, the San Francisco Human Service Agency (“HSA”), and San Francisco Homelessness and Supportive Housing (“HSH”) entered into a memorandum of understanding to provide the SFMTA limited access to a certain Verification Database (defined in Article I below).
- C. The City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to: (i) grant Contractor access to the Verification Database for the sole purpose of verifying the eligibility of tow customers for reductions in towing and storage fees, and to apply the corresponding fees/waivers under the SFMTA’s income-based tow fee-reduction and fee-waiver programs; and (ii) establish the procedural requirements for Contractor’s use of the Verification Database.
- D. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through Request for Proposal No. 2014-48, issued July 26, 2015, and this Amendment is consistent with the process.
- E. The SFMTA Board of Directors approved the Agreement by Resolution No. 16-024 on February 16, 2016; the Board of Supervisors approved the Agreement by Resolution No. 0099-16 on March 15, 2016.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 Agreement. The term “Agreement” shall mean the Agreement dated **April 1, 2016**, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,

Second Amendment, dated July 1, 2019,

Third Amendment, dated April 1, 2021, and

Forth Amendment, dated April 11, 2022

1.2 Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 Article 1 (Definitions). New Sections are added to Article 1 of the Agreement to read as follows:

1.16 “Authorized User” means any individual authorized by Contractor to access the Verification Database in accordance with this Agreement.

1.17 “HSA” means the San Francisco Human Services Agency.

1.18 “HSH” means the San Francisco Homelessness and Supportive Housing Department.

1.19 “Protected Personal Information” or “PPI” means any information defined as “Personal Information” under the City Privacy First Policy, San Francisco Charter section 16.130, paragraph (d).

1.20 “Verification Database” means that certain HSA-owned database containing Protected Personal Information and other information about clients served by HSA and/or HSH.

2.2 A new Section “Verification of Eligibility for Tow Fee-Reductions or Waivers” (Section II.F.11) is added to Appendix A - Statement of Services - of the Agreement to read as follows:

Section F

Verification of Qualifications for Fee Reductions or Waivers

1. Contractor shall access the Verification Database only to confirm whether HSA has previously and recently verified a tow customer's income, or whether HSH has previously and recently verified a tow customer's eligibility for HSH services. The objective is to permit Contractor to rely on HSA's or HSH's prior income or eligibility verification, when available, to deem tow customer's eligible for SFMTA-offered benefits such as low-income discounts or fee waivers.
2. Contractor acknowledges that the Verification Database contains PPI and is proprietary to HSA, and agrees to safeguard PPI from unauthorized disclosures, including but not limited to keeping such PPI confidential, except to the extent disclosure is required to administer the SFMTA's low-income discount or fee waiver programs.
3. Contractor shall use appropriate administrative, physical, and technical safeguards consistent with best practices in Contractor's industry for handling PPI to prevent the unauthorized use or disclosure of PPI.
4. Contractor shall protect against any reasonably anticipated threats or hazards to the security or integrity of the Verification Database. Contractor shall provide training on PPI privacy and security to Authorized Users and shall ensure Authorized Users shall not download, create, or transfer PPI offsite without prior written authorization from the SFMTA.
5. Contractor shall notify the SFMTA within five calendar days of any suspected misuse or disclosure of PPI, or any unauthorized access to the Verification Database.
6. Contractor shall take prompt corrective action to remedy any unpermitted disclosure of PPI and take all reasonable steps to mitigate any harmful effect of an unauthorized use or disclosure.
7. Contractor shall implement these obligations and responsibilities for all Authorized Users accessing the Verification Database.
8. Contractor shall provide SFMTA with a single point of contact to coordinate access to the Verification Database and ensure compliance, as follows:
 - a. provide the SFMTA with a list of names for each individual requesting access to the Verification Database access as an Authorized User;
 - b. ensure each Authorized User requesting access to the Verification Database signs the "HSA Data Systems Access Acknowledgment and Agreement Form", attached hereto as Exhibit I, as a condition of obtaining access;

- c. notify the SFMTA in writing within three business days of the change in employment or status of any Authorized User that is no longer authorized access to the Verification Database;
- d. ensure the Verification Database Authorized User passwords are not shared by or between Authorized Users;
- e. review the Verification Database User Guide with Authorized User for training and resolving HSA-HSH Verification Database issues;
- f. assist and cooperate with compliance reviews initiated by the SFMTA to audit Authorized User's access to, and use of, records from the Verification Database containing PPI.

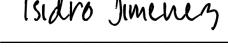
Article 3 Effective Date

Each of the modifications set forth in Section 2 shall be effective on and after **the date of this Amendment.**

Article 4 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY	CONTRACTOR
San Francisco Municipal Transportation Agency 	TEGSCO, LLC 
Jeffrey P. Tumlin Director of Transportation	Frank Mecklenburg CEO
Approved as to Form: David Chiu City Attorney By:  Isidro Jimenez Deputy City Attorney	City Supplier Number: 48588

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Exhibit I – HSA Data Systems Access Acknowledgment and Agreement Form

Exhibit II – MOU between SFMTA and HSA

Exhibit I

HSA Data Systems Access Acknowledgment and Agreement Form

As an Authorized User I agree to:

- Keep the information on the HSA-HSH Verification Database confidential;
- Use this information solely to determine the eligibility of tow customers for the SFMTA's income-based tow fee-reduction and fee-waiver programs;
- Not disclose my user name or password to any other person for the purpose of allowing that person to access information from the HSA-HSH Verification Database.

Authorized User Name (Print):

Authorized User Signature:

Date: _____

Exhibit II

MOU between SFMTA and HSA

HSA-HSH Verification Database Use and Disclosure Memorandum of Understanding

This interagency memorandum of understanding (“MOU”) is made in the City and County of San Francisco, State of California, by and among the San Francisco Human Services Agency (“HSA” or “Data Provider”); the Department of Homelessness and Supportive Housing (“HSH”); and the San Francisco Municipal Transportation Agency (“SFMTA” or “User”), each an “Agency” and collectively the “Agencies”.

I. PURPOSE

The Agencies enter into this MOU to provide SFMTA access to specific Protected Personal Information about HSA Clients and HSH Clients which is displayed by the “HSA-HSH Verification Database” so SFMTA may verify the eligibility of such individuals for SFMTA’s income-based discount or fee-waiver programs while securing this Protected Personal Information against unauthorized or unlawful disclosure, access, manipulation, or other misuse.

II. DEFINITIONS

A. Data Provider

Agency Name: San Francisco Human Service Agency
Single Point of Contact (SPOC) Name: Nora Martín-White
Title: Program Support Analyst
E-mail: nora.martin-white@sfgov.org
Mailing Address: 170 Otis Street, 8th Floor, San Francisco CA 94103
Phone: 415-557-6260

B. HSH

Agency Name: San Francisco Homelessness and Supportive Housing
Single Point of Contact (SPOC) Name: Leslie Bilbro
Title: Coordinated Entry Manager
E-mail: leslie.bilbro@sfgov.org
Mailing Address: PO Box 427400, San Francisco, CA 94142
Phone: 628-652-7700

C. User

Agency Name: Municipal Transportation Agency
Single Point of Contact (SPOC) Name: Diana Hammons
Title: Senior Manager, Revenue Collection and Sales
E-mail: Diana.Hammons@sfmta.com
Mailing Address: 1 S Van Ness Avenue, San Francisco, CA
Phone: 415-646-2495

D. Authorized User

Each individual supervised by User that User approves to access the HSA-HSH Verification Database in accordance with this MOU, including User’s employees, contractors, subcontractors, vendors, and agents.

E. HSA Clients

Low-income families or individuals served by San Francisco's social safety net of public benefits and services, including CalFresh, Medi-Cal, CalWORKs, County Adult Assistance Programs, and workforce development services.

F. HSH Clients

Adults and/or families with a connection to San Francisco who have requested housing assistance in the San Francisco Homeless Response System.

G. Protected Personal Information

Any information that is "Personal Information" pursuant to San Francisco Charter section 16.130, paragraph (d), which shall be deemed by the Agencies to be confidential. Most relevant to this MOU, Protected Personal Information includes, but is not limited to, an individual's name, social security number, address, and financial information.

III. TERMS AND TERMINATION

This MOU shall be effective from July 6, 2021 through June 30, 2024.

This MOU or any renewal thereof may be terminated by any Agency upon thirty (30) days prior written notice to the other Agencies. In the event of termination, all access by User to the HSA-HSH Verification Database shall cease.

IV. DESCRIPTION OF DATA

HSH provides data on HSH Clients to the HSA-HSH Verification Database. HSA provides data about HSA Clients to the HSA-HSH Verification Database. Data Provider will provide User with limited, read-only access to the HSA-HSH Verification Database, to view the minimum Protected Personal Information necessary to qualify HSA Clients and HSH Clients for User's income-based discount or fee-waiver programs. This Protected Personal Information, which shall be made available for User's viewing as listed in Appendix A, is the minimum amount of data necessary to accomplish the purpose of this MOU.

V. PERMITTED USE OF DATA

User shall use Protected Personal Information only to confirm whether HSA has previously and recently verified an individual's income, or whether HSH has previously and recently verified an individual's eligibility for HSH services. The objective is to permit User to rely on HSA's or HSH's prior income or eligibility verification, when available, to deem individuals eligible for User benefits such as low-income discounts or fee waivers. User's use and disclosure of this Protected Personal Information shall be strictly limited to the specific purposes stated herein, and to the specific individuals who have provided a release-of-information authorization to User granting User permission to access their Protected Personal Information. User represents that the data fields listed in Appendix A constitute the minimum amount of information necessary to accomplish this purpose. No other data fields pertaining to HSA Clients or HSH Clients will be produced or disclosed by the HSA-HSH Verification Database.

VI. JUSTIFICATION FOR USE AND DISCLOSURE

Information about clients' use of public benefits is treated as confidential under both federal and state law (7 USC § 2020, 42 USC § 602, 42 USC § 1396a, California Welfare & Institutions Code §§ 10850 and 14100.2), but may be disclosed with the written authorization of the client. (42 U.S.C. § 431.306(d);

7 CFR § 272.1(c)(3); California Department of Social Services' Manual of Policies and Procedures Chapters 19-004 and 19-005; and the Privacy and Security Agreement between HSA and the California Department of Social Services).

Under this MOU, Authorized Users will access the HSA-HSH Verification Database to view information only for HSA Clients and HSH Clients who have provided User with written authorization to do so.

VII. USER AND DATA PROVIDER RESPONSIBILITIES

User hereby acknowledges and agrees to the following confidentiality obligations and responsibilities:

- 1) User acknowledges that the HSA-HSH Verification Database contains Protected Personal Information and is proprietary to Data Provider, and agrees to safeguard Protected Personal Information from unauthorized disclosures, including but not limited to keeping such data confidential except to the extent disclosure is required to administer User's low-income discount or fee waiver programs.
- 2) User will use appropriate administrative, physical, and technical safeguards consistent with best practices for handling Protected Personal Information to prevent the unauthorized use or disclosure of Protected Personal Information accessed under this MOU.
- 3) User shall protect against any reasonably anticipated threats or hazards to the security or integrity of the Protected Personal Information. User shall provide training on Protected Personal Information privacy and security to Authorized Users, and shall ensure that Authorized Users shall not download, create, or transfer Protected Personal Information offsite without prior written authorization from Data Provider.
- 4) User shall notify Data Provider's Privacy Office (hsaprivacy@sfgov.org) within **5 calendar days** of any suspected misuse or disclosure of Protected Personal Information, or any unauthorized access to the HSA-HSH Verification Database, not permitted under this MOU.
- 5) User shall take prompt corrective action to remedy any unpermitted disclosure of Protected Personal Information, and take all reasonable steps to mitigate any harmful effect of an unauthorized use or disclosure, and take action to notify effected parties of such disclosure.
- 6) User shall implement these obligations and responsibilities for all Authorized Users approved by User to access the HSA-HSH Verification Database. User shall insert each of these obligations and responsibilities into any contracts or subcontracts with entities for whom User will seek authorization to access the HSA-HSH Verification Database.
- 7) User shall provide Data Provider with a Single Point of Contact (SPOC) to coordinate access and ensure compliance with this MOU.
- 8) User's SPOC shall:
 - a. Provide Data Provider with a list of names, email addresses, and telephone numbers for each individual requesting access to the HSA-HSH Verification Database access as an Authorized User;
 - b. Ensure each Authorized User requesting access to the HSA-HSH Verification Database signs the "HSA Data Systems Access Acknowledgment and Agreement Form", attached hereto as Appendix B, as a condition of obtaining access;
 - c. Notify Data Provider's SPOC, **within three business days of the change in employment or status** of any Authorized User that is no longer authorized access to the HSA-HSH Verification Database;
 - d. Ensure the HSA-HSH Verification Database User passwords are shared by or between Authorized Users;

- e. Review the HSA-HSH Verification Database User Guide with Authorized User for training and resolving HSA-HSH Verification Database issues;
- f. Escalate unresolved HSA-HSH Verification Database issues directly to Data Provider's SPOC for assistance and resolution;
- g. Participate in regular meetings with Data Provider, as needed, to ensure continued cooperation, information sharing and resolution of issues;
- h. Establish and implement contingency plans for connectivity, system outage, disaster preparation and recovery as it relates to provisions of this MOU.
- i. Assist and cooperate with compliance reviews to audit User's access to, and use of, records from the HSA-HSH Verification Database containing Protected Personal Information.

Data Provider hereby acknowledges and agrees to the following confidentiality obligations and responsibilities:

- 1) Allow each Authorized User access to limited view, read-only client information via the HSA-HSH Verification Database by providing access, security, password/user identification accounts and confidentiality protocols. Client information will be strictly limited to the data elements defined in Appendix A.
- 2) Verify that any Authorized User who is not an employee of User is subject to a contract or subcontract with User's obligations and responsibilities above, prior to permitting access to the HSA-HSH Verification Database.
- 3) Establish and maintain User connectivity to the HSA-HSH Verification Database and otherwise maintain HSA-HSH Verification Database administrative responsibilities as long as funding is available.
- 4) Terminate HSA-HSH Verification Database access when User notifies that any Authorized User is no longer authorized to access the HSA-HSH Verification Database due to change in employment or status.
- 5) Regularly ask User whether any previous Authorized User is no longer authorized to access the HSA-HSH Verification Database due to change in employment or status.
- 6) Conduct periodic HSA-HSH Verification Database compliance reviews.

VIII. ADDITIONAL PROVISIONS

1. Amendments

No amendment, alteration, or variation of the terms of this MOU will be valid unless made in writing and signed by the Agencies. No oral understanding or agreement not incorporated herein will be binding on any Agency.

2. Notice to Agencies

Unless otherwise indicated elsewhere in this MOU, all written communications sent by the Agencies pursuant to this MOU shall be sent by e-mail and shall be addressed to the respective SPOC identified in Section II of this MOU.

3. Notification of Claims

Each Agency shall promptly notify the other Agency upon notification or receipt of any civil or criminal claim, demand, subpoena, service of process, anticipated cause of action, litigation hold, discovery request, lawsuit, or governmental enforcement action (collectively "actions") arising out of or related to this MOU, regardless if any Agency is specifically named in the action.

4. Applicable Law

The federal laws and laws of the State of California govern this MOU.

IN WITNESS THEREOF, the undersigned have entered into this MOU as of the most recent signature date below.

SIGNED BY:

DocuSigned by:



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7/6/2021

Date

Name: Susie Smith

Title: Deputy Director, Policy and Planning

Agency Name: San Francisco Human Services Agency

DocuSigned by:



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7/2/2021

Date

Name: Noelle Simmons

Title: Chief Deputy Director

Agency Name: San Francisco Homelessness and Supportive Housing

DocuSigned by:



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7/5/2021

Date

Name: Jonathan Rewers

Title: Chief Financial Officer

Agency Name: San Francisco Municipal Transportation Agency

Appendix A: Data Fields for HSA-HSH Verification Database

HSA Clients

The HSA-HSH Verification Database will display only the following data for HSA Clients based on the client's HSA program record:

- First Name
- Last Name
- Date of Birth
- Last four digits of SSN
- Address
- Federal Poverty Level (FPL) status, as estimated by HSA*

*HSA estimates an individual's FPL based on household income information kept by various programs administered by HSA. The FPL calculated for individuals is an approximation based on their participation in any programs provided by HSA. Many of these programs are state and/or federally regulated, and have different and highly complex formulas for calculating income. If the individual has previously had income information verified by HSA, but more than one year from the search date, the FPL field will show "Current Information Not Available."

If the individual has not had income information verified by HSA, the result will show "Unable to find a match."

HSH Clients

The HSA-HSH Verification Database will display only the following data for HSH Clients based on the client's HSH program record:

- First Name
- Last Name
- Date of Birth

If the HSH client is found in the database, the result will show these data fields and the phrase "Qualifies for HSH discount." If the client is not found, the result will show "Unable to find a match."

Appendix B: HSA Data Systems Access Acknowledgment and Agreement Form

As an Authorized User I agree to:

- Keep the information on the HSA-HSH Verification Database confidential;
- Use this information solely for the determination of potential eligibility for SFMTA benefits such as low-income discount or fee waiver programs;
- Not disclose my user name or password to any other person for the purpose of allowing that person to access information from the HSA-HSH Verification Database.

Authorized User Name (Print): _____

Authorized User Signature: _____

Date: _____

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103**

Sixth Amendment

**Contract No. SFMTA 2014-48
CCO# 15-1349**

THIS AMENDMENT (Amendment) is made as of **June 17, 2022** in San Francisco, California, by and between **TEGSCO, LLC** (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

- A. City and Contractor have entered into the Agreement (as defined below).
- B. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to provide the SFMTA the option of using an internet-based auction platform in addition or as an alternative to live in-person Auctions.
- C. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through Request for Proposal No. 2014-48, issued July 26, 2015 and this Amendment is consistent with the process.
- D. The SFMTA Board of Directors approved the Agreement by Resolution No. 16-024 on February 16, 2016; the Board of Supervisors approved the Agreement by Resolution No. 0099-16 on March 15, 2016.

NOW, THEREFORE, the Contractor and the City agree as follows:

Article 1 Definitions

1.1 **Agreement.** The term “Agreement” shall mean the Agreement dated **April 1, 2016** between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,
Second Amendment, dated July 1, 2019,
Third Amendment, dated April 1, 2021,
Fourth Amendment, dated April 11, 2022, and
Fifth Amendment, dated April 12, 2022

1.2 Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

Appendix A (Statement of Services) is replaced in its entirety and is attached to this Amendment.

Article 3 Effective Date

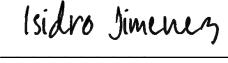
Each of the modifications set forth or referenced in Article 2 shall be effective on and after the date of this Amendment.

Article 4 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

[Signatures on next page.]

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY	CONTRACTOR
San Francisco Municipal Transportation Agency  <hr/>	TEGSCO, LLC  <hr/>
Jeffrey P. Tumlin Director of Transportation	Frank Mecklenburg CEO
Approved as to Form:	City Supplier Number: 48588
David Chiu City Attorney By:  <hr/> Isidro Jiménez Deputy City Attorney	

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Attachment 1: Appendix A, Statement of Services.

APPENDIX A – STATEMENT OF SERVICES

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DEFINITIONS

Administrative Hold	A hold placed on a vehicle impounded by SFPD whereby vehicle may be released only upon written authorization by the SFPD's Traffic Administration Unit. Examples include suspended license, false tags, and expired registration.
Agreement or Contract	The Agreement between the City and County of San Francisco, and TEGSCO, LLC dba San Francisco AutoReturn, SFMTA-CCO No.2014-48, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements that are specifically incorporated into the Agreement by reference as provided herein or in the Contract document.
Auction or Lien Sale	Sale held every other week (or less frequently as approved by the SFMTA) at which members of the public, licensed dismantlers, and licensed dealers purchase vehicles that have gone through the Lien process. There are two types of Auctions: Public and Dismantler.
Auctioneer	Subcontractor that provides an onsite option for holding Auctions on behalf of the SFMTA.
Central Dispatch Facility or Central Dispatch	The location from which the Contractor's staff assigns tow requests to Tow Truck Operators.
Citation	A notice of violation, of the San Francisco Transportation Code or other applicable law, issued to a person or a vehicle by a Parking Control Officer employed by SFMTA Enforcement or a police officer employed by SFPD.
Citation Management System	SFMTA's citation processing management system (eTIMS) or any successor system(s) used by SFMTA for tracking tow requests and Citations.
City	The City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency (SFMTA).
Close Family Member	Spouse, domestic partner, parent or child of the party referenced.
Commute Tows	Tows that are performed from commuter lanes to remove illegally-parked vehicles from traffic lanes during Peak Tow Hours.

Complaint	Any issue with service provided by the Contractor within the services of this Agreement that is communicated to the Contractor or the City by a Customer and which is not a Claim. This does not include issues reported to the Contractor by Customers that the Contractor is able to resolve to the satisfaction of the Customer through internal issue resolution procedures.
Contractor	TEGSCO, LLC., dba San Francisco AutoReturn, 2650 Bayshore Blvd, Daly City, CA, 94015
Contract Administrator	Designated SFMTA employee charged with oversight of the provisions of the Agreement.
Contract Monitor	Designated SFMTA employee charged with oversight of the Contractor's operations under the terms of the Agreement.
Customer	A person whose vehicle has been towed or a person who requests assistance that the Contractor is obligated to provide under the terms of the Agreement.
Customer Service Center (CSC)	Portion of the Primary Storage Facility where Contractor's staff serves Customers seeking to retrieve their vehicles or obtain other assistance that is covered under the Agreement.
Department of Public Health of San Francisco (DPH)	City agency authorized to request tows for the purpose of abating a nuisance.
Deficiency Claim	A Claim filed against a registered vehicle owner equal to towing and storage charges, less any amount received from the sale of the vehicle, and which is subject to all rights and limitations set forth in California Civil Code § 3068.2 or any successor statute that creates, defines and limits City's right to such claim.
Delinquent Citation	A Citation that was unpaid past the original due date for payment, upon which penalties for overdue payment have accrued, and which is not scheduled for administrative review or hearing by SFMTA.
Dropped Tow	A vehicle, for which a tow is initiated, then left with the vehicle owner or operator, at the location at which the tow was initiated, upon the request of a Parking Control Officer or police officer.
Effective Date	The date upon which the City's Controller certifies the availability of funds for this Agreement as provided in Section 3.1. of the Master Agreement.
Electronic Form	A computerized form created by the TVMS system that enables the User to input information for processing, and, if applicable, results in a printable Adobe .PDF or equivalent document.
Enforcement	Division of the SFMTA that cites the public for parking and transit violations, and assists the SFPD in traffic control.

Expedited Tow	A tow request initiated by the Tow Desk or the SFPD that is necessary to ensure the safety of the PCO, police officer or public, or to eliminate an immediate hazard.								
Gross Vehicle Weight Rating (GVWR)	<p>The weight of a towed vehicle.</p> <table border="1"> <tr> <td>Type</td><td>Gross vehicle weight rating</td></tr> <tr> <td>Light Duty</td><td>0-10,000 lb. GVWR</td></tr> <tr> <td>Medium Duty</td><td>10,001 to 26,000 lb. GVWR</td></tr> <tr> <td>Heavy Duty</td><td>26,001 lb. and over GVWR</td></tr> </table>	Type	Gross vehicle weight rating	Light Duty	0-10,000 lb. GVWR	Medium Duty	10,001 to 26,000 lb. GVWR	Heavy Duty	26,001 lb. and over GVWR
Type	Gross vehicle weight rating								
Light Duty	0-10,000 lb. GVWR								
Medium Duty	10,001 to 26,000 lb. GVWR								
Heavy Duty	26,001 lb. and over GVWR								
Heavy Duty Tow	Vehicle towed that weights more than 26,000 lbs.								
Interactive Voice Response (IVR) System	A telephone system that enables the Customer to access towing data in order to determine if their vehicle has been towed, and if so how to retrieve the vehicle.								
Investigative Hold	A Police Hold imposed on an evidentiary vehicle for the purpose of criminal investigation, whereby vehicle may be released only upon electronic release within the TVMS or written authorization by the SFPD's Traffic Administration Unit. Examples include arrests, No ID and investigation of crime.								
Lien 1 Vehicle	A low-value vehicle, including a vehicle valued at five hundred dollars (\$500) or less, in accordance with Vehicle Code § 22670 (requiring valuation of any vehicle towed by a public agency) and § 22851.2 (regarding vehicles valued at an amount not exceeding five hundred dollars (\$500) and not towed for being abandoned) or a vehicle valued at five hundred dollars (\$500) or less pursuant to § 22851.3 (regarding vehicles towed for being abandoned) and §§ 22851.6 - 22851.10 (regarding disposal procedures for low-value vehicles). If California law is amended subsequent to the Effective Date of this Agreement to change the dollar amounts that trigger requirements for low-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of low-value vehicles.								

Lien 2 Vehicle	A medium-value vehicle valued at more than five hundred dollars (\$500) and up to and including four thousand dollars (\$4,000) in accordance with Vehicle Code § 22670 (requiring valuation of any vehicle towed by a public agency), or over five hundred dollars (\$500) and up to and including four thousand dollars (\$4,000) for the purpose of Vehicle Code § 22851.3 (regarding vehicles towed for being abandoned), and California Civil Code §§ 3067-3075 (setting forth legally required procedures for Lien Sales of towed vehicles). If California law is amended subsequent to the Effective Date of this Agreement to change the dollar amounts which trigger requirements for medium-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of medium-value vehicles.
Lien 3 Vehicle	A high-value vehicle valued at more than four thousand dollars (\$4,000), in accordance with Vehicle Code § 22670, requiring valuation of any vehicle towed by a public agency, and California Civil Code Sections 3067-3075, setting forth required procedures for Lien Sales of vehicles. If California Law amended subsequent to the Effective Date to change the dollar amounts which trigger requirements for high-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of high-value vehicles.
Lien Category	The classification of a vehicle as a Lien 1, Lien 2 or Lien 3 Vehicle in accordance with its appraised value.
Lien Sales	The process of selling vehicles, in accordance with the Vehicle Code or other applicable law, that are not retrieved by their owners.
Light Duty Tow	Vehicle that weighs up to 10,000 lbs.
Long-Term Storage Facility (LSF)	Facility used by Contractor to store vehicles that were not claimed while stored at the Primary Storage Facility, and to conduct Lien Sales.
Medium Duty Tow	Vehicle that weighs between 10,001 and 26,000 lbs.
Monetary Claim (Claim)	A request for compensation for personal injury, loss from or damage to towed vehicle and/or personal property,
No ID	Vehicles are towed because there is no visible Vehicle Identification Number. Subject to examination by the SFPD.
Non-Peak Tow Hours	Monday through Friday 7:00 p.m. to 7:00 a.m. and 9:00 a.m. to 4:00 p.m., Saturday, Sunday, and City holidays.

Notice to Proceed	Letter from the SFMTA to the Contractor indicating the Effective Date of the Agreement.
Parking Control Officer (PCO)	Enforcement employee that cites for parking and transit violations and assists in mitigating traffic conditions.
Peak Service Hours	Monday through Friday, 7:00 a.m. to 8:00 p.m., excluding City holidays.
Peak Tow Hours	Commute hours, when traffic is likely to be heavy: Monday – Friday (excluding City holidays): 7 a.m. to 9 a.m. and 4 p.m. to 7 p.m.
Personal Property Release	A document issued by the Contractor that allows a Customer to retrieve personal belongings from a towed vehicle under supervision of Contractor personnel.
Platform Provider	Subcontractor that provides an internet- or application-based platform for holding Auctions on behalf of the SFMTA.
Police Hold	A hold, either an Administrative Hold or an Investigative Hold, placed on a vehicle by the SFPD in writing which requires a vehicle to be processed in accordance with the Police Hold procedures specified in this Agreement.
Primary Storage Facility (PSF)	Facility where towed vehicles are deposited immediately after tow and stored until they are either claimed by the Customer or transferred to the Long-Term Storage Facility.
Records	The documents Contractor is required to create and maintain under this Agreement, including but not limited to: (1) complete and accurate books, accounts and documentation of financial transactions relating to all items of income received and expenses incurred in the performance of this Agreement; (2) documentation of all vehicles towed; (3) documentation of all vehicles stored; (4) documentation of all Claims; (5) all monthly management reports and other reports Contractor is required to submit to City; (6) charts and diagrams of any property licensed to Contractor by City to fulfill the obligations of this Agreement; (7) other documents or reports as City may require Contractor to produce in the course of performing work under the Agreement; and (8) the Records described in Section 13 of this Appendix A.
San Francisco Recreation and Parks Department (RPD)	City department that manages the City's parks and recreational facilities.
San Francisco Municipal Transportation Agency (SFMTA)	The agency of the City with jurisdiction over all surface transportation in San Francisco.

San Francisco Police Department (SFPD)	San Francisco's law enforcement agency that is authorized to request vehicle tows.
Services	The work performed by Contractor under this Agreement as specifically described in the "Statement of Services" attached as Appendix A, including all Services, labor, supervision, materials, equipment, actions and other requirements to be performed and furnished by Contractor under this Agreement.
Special Event Tows	Tows of vehicles parked in violation of temporary parking restrictions authorized by Veh. Code section 22651(m) and SF Transportation Code Section 3.4(c).
Sweeps	Special tows that are arranged in advance by an authorized City agency and require several tow trucks to be assigned to the detail.
Tow Desk	The location of SFMTA Enforcement staff that receives tow requests from the Enforcement Division and the SFPD.
Tow Equipment	Tow vehicles and all computer systems, communications devices, hand tools, electric tools and towing hardware, whether or not expressly listed in this Agreement that are necessary to perform towing Services to the standards of the towing industry and as set forth in this Agreement.
Tow Firm	Organization hired by the Contractor to provide tow trucks to tow vehicles as designated by an authorized agency.
Tow Firm Fee	Fee paid by the Contractor to Tow Firms for each vehicle towed.
Tow Inventory Slip	Form used to document towed vehicle information, including physical condition and towing authority.
Tow Truck Operator (TTO)	Drivers for Tow Firms.
Towed Vehicle Management System (TVMS)	Software system that supports the Contractor's dispatching, inventory, audit and customer service responsibilities for the term of the Agreement.
User	Person accessing the Towed Vehicle Management System.
UTID	SFPD vehicle classification that means that after examination of the vehicle no means of identification (e.g. VIN) could be found.
Vehicle Identification Number (VIN)	The distinguishing 17-digit number or other mark used for the purpose of uniquely identifying a vehicle or vehicle part, as further defined in Vehicle Code § 671.

I. SERVICE REQUIREMENTS

A. City Agencies Authorized to Request Tows

Currently, the City agencies designated to authorize tows from City streets, public property and private property are SFMTA, SFPD, DPH and RPD. The SFMTA, however, reserves the right to add additional City agencies to those authorized. All towing requests (except for Commute Tows, Special Event Tows and Regional Sweeps that are requested in the field) will be called in to the Tow Desk from designated City staff and forwarded to Central Dispatch for processing.

B. Adherence to Applicable State and Local Laws

Notwithstanding any other provision of this Statement of Services, Contractor shall comply with all applicable local, state, and federal laws and regulations relevant to the performance of its duties under this Agreement, including but not limited to those governing the removal, storage, release, and Lien Sale of vehicles. Contractor must ensure that its employees and subcontractors are informed of the requirements of all such laws, in their current form and as they may be amended during the term of the Towing Agreement.

C. Hours of Service

The Contractor shall operate and respond to all tow requests, and process intakes and releases of towed vehicles twenty-four (24) hours per day, 365 days per year in accordance with the standards specified in this Agreement.

D. Customer Payment of Fee

The Contractor shall adhere to all requirements regarding payment processing as directed by the SFMTA and the City Treasurer's Office. See Section VII of this Appendix A for details.

E. Adequate Staffing

1. The Contractor must provide staffing that is adequate to meet all service and performance requirements.
2. The Contractor shall seek the SFMTA's prior written approval before making any changes or substitutions to executive management or facilities management personnel. The SFMTA may request a change or reject any substitution. The Contractor must notify the SFMTA of any terminations or resignations by executive management or facilities management within five days of the occurrence.
3. If the SFMTA at any time reasonably determines that the Contractor is employing an insufficient number of employees, the Contractor shall hire such additional employees as the SFMTA determines is reasonably necessary to render the Services required under the Agreement.

F. Customer Service

1. General Requirements

- a. The Contractor shall interact with Customers for the purpose of retrieving towed vehicles in person, by phone using an interactive telephone system,

live operators and via website or other methods mutually agreed upon by SFMTA and Contractor.

- b. Contractor's personnel answering such phones shall be courteous, professional and provide complete information regarding the location of the vehicle, the method of securing its release, directions to the location from which to effect its release, documentation required, charges to be assessed (including required payment of parking Citations if five or more are delinquent) and terms of payment.
- c. The Contractor shall also provide Customers with accurate and timely information regarding their rights with respect to the towed vehicle under this Agreement and all applicable federal, state and local laws and regulations.
- d. All materials created by Contractor that are intended for use by Customers, whether in written, electronic or audio format, shall be made available in Spanish, spoken Cantonese and written Chinese. The Contractor shall also make best efforts to provide bilingual staff to assist Customers in Spanish and Cantonese, as well as Mandarin, Russian and Vietnamese.

2. Employee Training

- a. The Contractor shall, for new employees, schedule 16 hours of professional job training specializing in customer service that must be approved in advance of the training by the SFMTA. Training must take place ***within the first year after the date specified in the Notice to Proceed***, and must include all employees that have direct interaction with the public, including Tow Truck Operators. The Contractor shall require each employee to obtain a certificate of completion of this training, and shall submit the certificates to the SFMTA within 30 days of the first anniversary of the Notice to Proceed.
- b. The Contractor shall require all employees described above to take a minimum of four hours of SFMTA approved outside professional customer service "refresher" training annually for the remainder of the Contract term. The Contractor shall require certificates of completion for this training, and shall submit annually them to the SFMTA ***within 30 days of each subsequent anniversary of the date specified in the Notice to Proceed***.
- c. All training costs are the responsibility of the Contractor.

3. Electronic Customer Queue Management

The Contractor shall provide, subject to approval of the SFMTA, a "Take a Number" or other similar queueing system with an electronic message board and audio announcement to be used in the lobby during peak periods of activity to avoid extensive waiting in line by Customers and to communicate procedures and documentation that might be required once called to the window. The queueing system shall be in place ***as of the date specified in the Notice to Proceed***

4. Customer Calls

a. Telephone Operators

- i. The Contractor shall provide a dedicated phone line and ensure that live telephone operators are available at all times, 24 hours a day, seven days a week, to respond to calls from the public about towed vehicles.
- ii. All calls shall be answered within 30 seconds and without a busy signal. Contractor's telephone system shall be set up to automatically roll to the next available operator when calls come in.
- iii. The Contractor shall ensure that within each calendar month at least 95% of Customers reach a live operator within three minutes of request; and that 98% of Customers reach an operator within five minutes of request, within a calendar month.

b. Interactive Voice Response (IVR) System

- i. The Contractor shall establish and maintain one customer service phone line with an IVR that the public may call for information regarding towed vehicles **date specified in the Notice to Proceed**. This phone line shall be independent of the phone line used for requests for Dispatch Tows.
- ii. The computerized IVR and call distribution system to live operators must have sufficient lines, instruments, hardware, software, and overflow safeguards to meet the service requirements of this Agreement.
- iii. The Contractor's IVR shall have a menu selection that offers basic information to the public in English, Spanish, Cantonese (within 90 days of the date specified in the Notice to Proceed) and any additional languages that may, in the future, be required by City regulations. The IVR shall also have the ability to queue calls after the caller requests a live operator and have an alarm system to alert office staff if a call has been on hold for more than the approved time. The Contractor shall periodically check functionality and resolve performance issues with the IVR.
- iv. The Contractor shall, within 90 days of the date specified in the Notice to Proceed, create a computerized, voice prompted Customer service survey available as an option to all Customers. The Contractor shall ensure that Customers who participate in the survey remain anonymous. Following the interaction between Customers and the Customer Service Center, Customers will be asked to rate the following:
 - Was the agent polite, thorough and knowledgeable
 - Was the Customer's question answered

- Was the Customer given clear instructions on how to retrieve a vehicle
- Was the Customer given appropriate information, including how to dispute a Citation at the SFMTA Review Center
- Was the Customer's call answered in a reasonable amount of time

v. The Contractor shall develop a script for approval by the SFMTA.

c. Call Volume Reporting

The Contractor shall provide a monthly summary report with the following elements:

- i. The total number of calls per hour,
- ii. Total number of calls each day,
- iii. The number of calls disconnected by the Customer requesting to speak with an agent before the call is answered.
- iv. Summary Chart showing the following:

	< 3 minutes	3-5 minutes	> than 5 minutes
Number of calls			
Percentage of calls			
Average wait time			
Average call (talk) time			

v. Detailed call listing showing call status, wait time, and call duration.

d. Audio Recordings

- i. The Contractor shall record all customer service calls, and indicate to the Customer that their call is being monitored for quality assurance.
- ii. The Contractor shall maintain such audio recordings for a minimum of 120 days.
- iii. Upon the SFMTA's request, the Contractor shall provide SFMTA access to the audio recordings within 48 hours for the purpose of reviewing or copying the recordings.

5. Window Staff

- a. During Peak Service Hours, the Contractor will have a sufficient number of trained staff at the Customer Service Center to open up to six windows to the public. Windows shall be opened as necessary to meet required service levels.
- b. Wait time in the CSC lobby shall be no longer than ten minutes unless all six windows are open.

- c. All window staff shall also be available to answer calls from the public when not attending to a Customer in person.
- d. The Contractor shall submit a monthly report that shows window staffing patterns and average wait times.
- e. The Contractor shall ensure that all Customer transactions involving waivers/vouchers/adjustments are reviewed and validated by the customer service manager and documented in the Towed Vehicle Management System (TVMS).

6. Other Required Customer Service Staffing

- a. The Contractor shall have available at least one customer service manager (or supervisor of sufficient authority and training) to handle Customer questions and unusual matters.
- b. The customer service manager shall be available in addition to required window and other management staff and shall not be included in the count of trained staff present at the CSC.
- c. The customer service manager (or supervisor of sufficient authority and training) shall be present during Peak Service Hours.

7. Dissemination of Customer Information Requirements

a. Facilities

Documents containing the following information shall be printed in at least 12-point font type and shall be posted by the Contractor at each storage Facility in a conspicuous location easily visible to the public. The signage, including languages required, wording, size of letters, and methods of display shall be approved by the SFMTA in advance of posting:

- i. The schedule of all City-approved towing, storage and additional charges as specified in this RFP.
- ii. An explanation of the conditions under which, and the procedure by which, a tow hearing may be requested from the SFMTA.
- iii. Notices informing the public of their Vehicle impound rights and obligations pursuant to California Vehicle Code Section 22852.
- iv. Procedure for filing a Claim for damages incurred to the vehicle or contents thereof as a result of the tow or storage of the vehicle.
- v. The name and address of the Contractor's insurance broker handling the insurance coverage required by the Agreement.
- vi. Notice that a complete copy of the towing Agreement is available for review onsite, can be downloaded from the Contractor's website, or may be obtained at a cost of \$0.10 per page.
- vii. An explanation of the procedure by which all unclaimed vehicles are sold at Auction, including the physical onsite and/or virtual online location(s) of such Auctions and publications in which such Auctions

are advertised and stating that all in attendance at such Auction shall have an equal opportunity to bid.

b. Customer Invoices

All Customer invoices shall have printed on them the following:

- An itemized listing of all applicable fees, fines and other charges
- All waivers and waiver amounts granted, if applicable
- Instructions for requesting a tow hearing, including location of hearings.
- Instructions to provide Customer feedback.

8. Customer Service Website

- a. The Contractor shall create and maintain a website **by the date specified in the Notice to Proceed** that provides general information to the Customer as follows:
 - i. The status and location of a specific towed vehicle
 - ii. The total itemized cost of retrieving the Towed vehicle, including Citations and/or booting fees where applicable, upon integration with the City's designated Citation Management System
 - iii. Any holds that have been assigned to the vehicle, and
 - iv. The allowable methods of payment to retrieve the vehicle.
- b. The Contractor's website shall be available 24 hours a day, 365 days per year. Internet site maintenance and down-time should be scheduled between the hours of 12:00 a.m. and 6:00 a.m., except as otherwise necessary.
- c. The Contractor shall periodically update the website as needed to incorporate upgrades that enhance the User experience as they become available.
- d. The website shall provide a customer service survey option, subject to SFMTA approval.

9. Commitments to City Support

- a. The Contractor shall provide a contact list for key management personnel responsible for supporting Services under this Agreement.
- b. Contractor shall provide a contact number for those situations requiring a response within 15 minutes of inquiry.

10. Customer Service Plan

The Contractor shall create a Customer Service Plan as part of the Operations Manual **within 90 days of the Notice to Proceed**. Details on plan requirements are in Section VI of this appendix.

G. Dispatching Requirements and Equipment Needs

1. GPS Equipment

- a. The Contractor must require all Tow Firms used to provide Services under this Agreement be equipped with a functional global positioning tracking system (GPS) **as of the date specified in the Notice to Proceed**.
- b. The GPS device must allow the Contractor and designated SFMTA employees to accurately track the location of the tow vehicle operators.
- c. If the selected GPS device does not meet the SFMTA's reasonable expectations based on the GPS standards set forth in the RFP, the City reserves the right to require an alternate device be used, including one that is affixed to the tow truck.

2. GPS Software

- a. The Contractor shall acquire and maintain all necessary software licenses for this GPS tracking system. The Contractor shall provide to SFMTA, at the Contractor's sole cost, access to the GPS tracking system using an internet based interface or client-server application that can operate on the City's WAN.
- b. The Contractor shall install and configure GPS software, provide training at their own cost to both staff and City for the use of the software, and support all activities related to the City's use of the GPS tracking system.
- c. The Contractor shall record the arrival time of Tow Truck Operators to the requested tow location through the GPS system and shall compare the time recorded to the time the Tow Truck Operator records their arrival through the TVMS. The Contractor shall ensure that at least 95% of the GPS-recorded arrival locations and the Tow Vehicle Operator locations are identical.

3. Equipment

a. Tow Trucks

- i. The Contractor shall have tow trucks capable of handling light, medium and heavy-duty tows available to tow all vehicles ordered by a designated City agency to be removed from any public street or highway within the City.
- ii. Tow trucks shall be in good operating condition, equipped and prepared to provide expeditious movement of vehicles in all circumstances, including a) light, medium and heavy duty vehicles; b) towing with dollies or flatbeds; c) towing motorcycles; d) towing from off-road areas; e) towing in garages, both underground and multiple story; f) recovery Services; g) towing of vehicles involved in collisions; and h) towing of vehicles with anti-theft locking devices.
- iii. All tow trucks used in the performance of the Agreement's towing Services shall be well-maintained and clean on the interior and exterior.

- iv. The Contractor shall be in compliance with all California Vehicle Code requirements pertaining to the operation and maintenance of tow trucks and operation of its business, including all auxiliary equipment specified on the California Highway Patrol Form number 234 “Annual Tow Truck Inspection Report”.
- v. All Tow Truck Operators shall be fully trained on how to use the equipment, how to properly and safely, without damage to the vehicle, tow a vehicle and how to enter all types of vehicles when they are locked and access is needed in order to tow.

b. Wireless Communication Devices for Tow Truck Operators

- i. **As of the date specified in the Notice to Proceed**, the Contractor shall provide a list of approved wireless communications devices (e.g. smart phones) to each Tow Truck Operator that shall be used as digital, hands-free communication between Contractor's Central Dispatch and the operators.
- ii. The Contractor shall be responsible for all costs associated with all wireless communications devices that are issued to the City.
- iii. The TVMS and associated wireless communications equipment shall have the functionality to do the following:
 - Electronically send tow requests to the Tow Truck Operators.
 - Automatically select the tow vehicle operator assigned for the tow based on proximity and electronically route the request to the Tow Truck Operator.
 - Allow Tow Truck Operators to acknowledge receipt of the tow request and ETA, which in turn shall be electronically-transmitted through the TVMS so that both the SFMTA's Tow Desk and Contractor's Dispatch Center are informed that the Tow Truck Operator is in route to the tow.
 - Transmittal of arrival time: The Tow Truck Operator shall have the ability to transmit their arrival at the scene of a tow through their wireless communication device.

c. Land Lines

In addition to transmitting tow requests, acknowledgement of receipt of request and ETA data between the Tow Desk and Central dispatch through the TVMS, the Contractor shall provide a dedicated telephone land line to be available for communication between Central Dispatch and the SFMTA Tow Desk.

d. Backup Communications Devices

The Contractor shall provide the SFMTA with a minimum of two portable communications devices to be used as an emergency communications method or an alternative mutually agreed upon by the parties **as of the date specified in the Notice to Proceed.**

H. Tow Types and Required Response Times

1. Routine Towing Requests

- a. The Contractor shall dispatch Tow Truck Operators from its Central Dispatch Facility. The Contractor shall provide dispatch staff to receive tow requests 24 hours per day, 365 days per year, including holidays.
- b. During Peak Tow Hours, a dispatch supervisor must be on duty to direct staff and address any issues or escalations raised by the SFMTA that relate to a tow request.
- c. The Contractor shall respond to requests for Light and Medium Duty Tows with the appropriate equipment to the designated point of tow **within 35 minutes** during Peak Tow Hours and **within 25 minutes** during Non-Peak Tow Hours, or no later than **10 minutes** prior to the time designated for initiation of a pre-scheduled tow. The Contractor shall respond within the applicable time limit for at least 90% of the Light and Medium Duty Tows that are requested within a calendar month. Average response time shall be no greater than 22 minutes for each calendar month.
- d. The Contractor shall respond to Heavy Duty Tows with the appropriate equipment to the designated point of tow within 90 minutes. The Contractor shall respond within the applicable time limit for 90% of Heavy Duty Tow requests within SFMTA's fiscal year.
- e. Contractor shall provide an updated estimated time of arrival to the Tow Desk five minutes before response time deadline for no fewer than 98% of late tows within one calendar month.
- f. At all times, the Contract must ensure that:
 - i. Tow requests from SFMTA's Tow Desk are answered **within 30 seconds** or less for 95% of the requests for tows and **within 90 seconds** for 98% of requests within a calendar month.
 - ii. The Contractor's Central Dispatch must assign a tow request to a Tow Firm **within five minutes** or directly to a Tow Truck Operator **within ten minutes 98% of the time within one calendar month.** This time is included with the maximum response time for Tow Truck Operators during Peak Tow Hours and Non-Peak Hours.
- g. The Contractor shall submit to the SFMTA a monthly report that shows response times for Tow Desk requests.

2. Expedited Tows

Contractor shall prioritize Expedited Tow requests above all other tow requests so response time is minimized.

3. Commute Tows, Special Event Tows and Regional Sweeps

- a.** The Contractor shall participate in Commute Tows, Special Event Tows and Sweeps requested by SFMTA or SFPD as a part of its regular towing Services.
- b.** The SFMTA will provide a schedule of Commute Tows, with times for Tow Truck Operators to arrive, locations, and number of trucks required at the time of the Notice to Proceed. The SFMTA will communicate any modifications to the Commute Tow schedule to the Contractor at least 24 hours in advance of the change.
- c.** The City will notify the Contractor at least 48 hours in advance of the date of a Special Event or Sweep, and shall inform the Contractor of the number of tow trucks required, the location, and the time the Tow Truck Operators should arrive. The City will notify the Contractor of any Modifications to scheduled Special Events or Sweeps at least 24 hours in advance.
- d.** The SFMTA will provide the Contractor with a schedule of annual Special Events, which may include parades, marathons and other events. Commercial or residential moves that require vehicles to be towed will be handled as Routine Tow requests unless SFMTA staff designates that the request rises to the level of an Expedited Tow.
- e.** The SFMTA requests that the Contractor make every effort to assist, but will not hold the Contractor responsible for Special Event or Sweep tow requests that occur less than 48 hours before the Special Event or Sweep, or to modifications to Commute Tows, Special Events of Sweeps that are given with less than 24 hours' notice.
- f.** Tow Truck Operators may leave the location of any Commute Tow, Special Event Tow or Sweep if no PCO arrives after 15 minutes of the scheduled start time.

4. City-Owned Vehicles

- a.** At the request of the SFMTA or the SFPD, the Contractor shall remove at no cost to the agency any disabled vehicle owned by the agency or render road service, limited to starting stalled vehicles and changing flat tires.
- b.** The Contractor shall respond to Peak Tow Hour requests for City-owned vehicles within 35 minutes, and shall respond within 25 minutes for Non-Peak Tow Hour requests for City-owned vehicles.
- c.** The Contractor must absorb the costs of this service, and is prohibited from passing the cost onto Tow firms or Tow Truck Operators.

5. Relocation Tows

At the request of an authorized City agency, pursuant to Vehicle Code § 22654(e) relating to authorization for moving a vehicle otherwise lawfully parked, the Contractor shall relocate vehicles as directed.

6. Extended Delay in Tow Response

The Contractor shall not, except in the case of unavoidable delay, exceed 120 minutes for Light or Medium tow service types during Peak Tow Hours within the City.

7. Tows Requested Outside the Boundaries of the City and County

For tows requested by the City outside the boundaries of the City and County of San Francisco, the Contractor will make its best effort to respond to the tow location within four hours, and shall respond within eight hours unless approved in writing by the SFMTA.

8. Reporting Requirements

- a. The Contractor shall submit a monthly report to the SFMTA that summarizes the categories of tows as described in this section H, the number of tows in each category, and response times for each tow.
- b. The Contractor shall also track and report monthly the number of tows by violation category where applicable, using categories provided by the SFMTA.

I. Vehicle Intake Procedures

1. Towed Vehicle Data

- a. The Contractor shall ensure that a record of each dispatched tow request is created in the TVMS **within five minutes** of receiving the request.
- b. The record of the tow itself must be created in the TVMS **within 15 minutes** of the vehicle's arrival at the Primary Storage Facility.
- c. The Contractor must meet these timing requirements **in 95% of all tows within any given month**.

2. Vehicle Identification Number (VIN)

- a. The Contractor shall visually inspect any vehicle for which a lien is requested to confirm and record the VIN of a towed vehicle, and include the VIN in its lien request to the DMV. The lien request must be filed **between three to seven days of vehicle tow**. Exceptions to the obligation to confirm and record the VIN include:
 - i. Vehicles subject to SFPD Investigative Holds.
 - ii. Vehicles identified as No ID vehicles that require SFPD inspection.
 - iii. Other cases of extenuating circumstances as approved by the SFMTA.
- b. Contractor shall notify the SFPD **within 24 hours** of becoming aware of any vehicle in its possession for which the license plate and the VIN do not match.

3. Personal Property

- a.** The Contractor shall not enter into any vehicle designated as an SFPD hold for retrieval and recording of any personal property without written authorization of the SFPD.
- b.** During intake inspection, personal property in the vehicle of more than \$250 that is visible from the exterior of the vehicle without opening any locked compartment shall be inventoried and as part of the inventory, the Contractor shall record whether or not the vehicle has a locked storage compartment.
- c.** This information shall be recorded in the TVMS system and the vehicle inventory forms shall be kept on file or in electronic form. The Contractor, SFMTA, DPH and SFPD shall endeavor to keep the vehicle locked to the maximum extent possible during the towing and storage process.
- d.** The Contractor may remove and separately store personal property from the vehicle for security or other reasons, as necessary.

4. Digital Photo Recording

- a.** Tow Truck Operators shall photograph any damage observed on a vehicle to be towed prior to handling the vehicle. These photos shall be made available, within 8 hours, through the TVMS.
- b.** The Contractor shall have cameras at both the Primary and Long Term Storage Facilities and shall take photos of all four sides of the exterior of each vehicle the first time that it is brought into any designated Facility.
- c.** These images shall be stored electronically for one year and in a manner that allows prompt retrieval ***within one business day*** of an authorized City agency's request.
- d.** The SFMTA agrees that the requirements of this may be satisfied by extracting still images from continuous video footage.

5. Procedures for Vehicles Impounded by the SFPD

a. SFPD Investigative Holds

- i.** The SFPD may designate any vehicle for which it has made a Tow Request as an Investigative Hold vehicle. Investigative Hold vehicles shall be stored in a segregated, secure area, located in designated areas of the Primary and Long-Term Storage facilities.
- ii.** No person shall be allowed access to an Investigative Hold vehicle or retrieve personal property from such vehicle without written authorization from the SFPD.
- iii.** If the SFPD designates an Investigative Hold vehicle as an evidentiary vehicle at the time of the Tow Request, the Contractor shall ensure that the towing and storage of the vehicle is conducted in accordance with any standards for handling and preservation of evidence provided to Contractor by the SFPD.

- iv. The Contractor shall maintain the Investigative Hold areas in a manner which ensures its ability to locate vehicles requested by SFPD within one hour of SFPD's request.
- v. The Contractor shall submit a Police Department Procedures Plan to the City describing in detail how it will process Investigative Hold vehicles to meet service requirements specified in this Agreement.

b. No ID Vehicles

- i. The Contractor shall impound all vehicles with no visible VIN under a "No ID" number and shall be designated as a vehicle subject to Investigative Hold and held for inspection by the SFPD Auto Detail regardless of which City agency initiated the Tow Request.
- ii. The Contractor shall include No ID vehicles in regular reports to the SFPD of Police Hold vehicles as specified in Section V of this Appendix A.
- iii. The Contractor shall keep No ID vehicles within the No ID area (excluding oversized vehicles); with the exception that Contractor shall move a No ID vehicle out of the No ID area within twenty-four (24) hours of receiving a request to do so by the SFPD.
- iv. If a VIN is found following inspection by the SFPD, the Contractor shall follow applicable Lien Sale provisions of the Vehicle Code for processing that vehicle. Otherwise, Contractor shall designate the vehicle as an "Unable to Identify" or "UTID" vehicle and, after receipt of a written release by the SFPD (DMV Form 462, "Public agency Authorization of Disposal of Vehicle" or successor form), such UTID vehicle shall be disposed of as required by the Vehicle Code and in accordance with instructions on DMV Form 462 or successor form.
- v. The Contractor shall allow SFPD personnel with written authorization from the Chief of Police to remove parts from any No ID vehicle, except as prohibited in the SFPD approved Police Procedures Plan.

c. Documentation Requirement for SFPD Released Vehicles

- i. The Contractor shall not release or allow parts to be removed from Police Hold vehicles without a release authorization from the SFPD.
- ii. The SFPD will provide the Contractor a standard form to be used for all release authorizations and a list of individuals authorized to provide vehicle and Personal Property Releases.
- iii. Any Electronic Forms shall be capable of being printed in an Adobe .PDF or equivalent format.
- iv. The Contractor shall inform the Customer that release of a vehicle subject to Police Hold may only be obtained by going to the SFPD Traffic Administration Unit at 850 Bryant Street, Room 154, to request that the vehicle be released.

d. Recovered Stolen Vehicles

- i. Recovered stolen vehicles may be released from any district police station with presentation of the appropriate SFPD release form or as otherwise specified by SFPD.
- ii. The Contractor shall cooperate with City in the coordination of electronic information between DMV and City, between City agencies, and between Contractor and City for the purpose of early identification of stolen vehicles and prompt notification of the owner.
- iii. Procedures for waivers and reimbursement of towing and storage fees for stolen vehicles are described in Section VII of this Appendix A.

e. Reporting of Police Investigative Holds

- i. The Contractor shall submit to the SFPD a weekly report listing all Investigative Hold vehicles that are currently being stored by the Contractor in accordance with the requirements of Section V of this Appendix A, delivered to the person designated by the SFPD as the inspector in charge of auto Investigative Holds.
- ii. The Contractor shall issue reports to SFPD personnel designated by the Chief of Police in writing, the Director of SFMTA or her or his designee, and the SFMTA Contract Monitor upon occurrence of the following events:
 - A "350 vehicle warning" notice on each day that the number of Investigative Hold vehicles stored by Contractor exceeds 350 vehicles; and
 - An inventory report of Investigative Hold vehicles on each day that the number of Investigative Hold vehicles stored by Contractor exceeds 375 vehicles.

f. Police Administrative Hold Procedures

i. Designation

The SFPD may designate a vehicle as an Administrative Hold vehicle. The Contractor shall identify and track Administrative Holds as either "STOP" holds or "Traffic Administration" holds. Vehicles subject to Administrative Hold by the SFPD or the SFMTA shall not be processed or otherwise treated as Investigative Hold vehicles.

ii. Release Restrictions

- The Contractor shall not release SFPD Administrative Hold vehicles that are impounded in accordance with the provisions of the Vehicle Code, including Administrative Holds resulting from the SFPD's STOP Program, until receipt of a written authorization for the release by the SFPD.
- The Contractor may proceed with the Lien Sale of the vehicle in accordance with all applicable Lien Sale requirements, without written SFPD release authorization. SFPD STOP Administrative Hold vehicles must be held for at least 30 days prior to Lien Sale.

J. Vehicle Release Procedures

1. Improper Disposal of Vehicles

- a.** If, in violation of applicable law or this Agreement, the Contractor releases, sells, disposes of, or otherwise loses possession of or is unable to locate any vehicle that it has towed under this Agreement, notwithstanding any other criminal or civil penalties levied by a court of law, the Contractor **shall have 60 days to resolve** any Claim filed by the vehicle owner for the loss of the vehicle.
- b.** The Contractor must notify the SFMTA within 72 hours of any incidents regarding loss of a towed vehicle due to any of the circumstances above.

2. Conditions for Dropped Tow Designation

Tow Truck Operator will conduct a Dropped Tow if the vehicle owner or operator claims the vehicle before one or more of the following has occurred:

- a.** All required paperwork or electronic Records are complete
- b.** The Tow Truck Operator has completely attached the Tow Equipment to the vehicle
- c.** The tow truck is in the lane of traffic and ready to drive to the appropriate storage facility. has pulled away from where it was parked

3. Compensation for Dropped Tows

- a.** The Contractor shall compensate the Tow Truck Operator 25% of the base Tow Firm Fee (applicable to Light Duty, Medium Duty, or Heavy Duty tow fees) the Tow Truck Operator would have received had the tow been completed.
- b.** The following conditions must be met to qualify for compensation of the Dropped Tow fee:
 - i.** The Parking Control Officer must be present before the Tow Truck Operator or Tow Equipment makes contact with the vehicle
 - ii.** The Tow Truck Operator or Tow Equipment makes contact with the vehicle
 - iii.** The Parking Control Officer or police officer has requested a dropped tow
- c.** The Contractor and SFMTA shall develop a mutually agreed system to track and monitor tows.
- d.** The Contractor shall include in its monthly operational report all vehicle drops.

4. Release Regulations

Towed vehicles shall be released by the Contractor from impoundment in accordance with the California Vehicle Code, and in accordance with such rules and regulations implemented by authorized City agencies to the extent they are consistent with the Vehicle Code.

5. Release Process

When a Customer arrives at the Customer Service Center to retrieve their vehicle:

- a. The Contractor shall identify the requested vehicle by license number, Vehicle Identification Number, vehicle make, date and location of tow or from other information provided by the Customer.
- b. The Customer will be required to provide evidence satisfactory to the Contractor's personnel that she/he is the person entitled to receive the vehicle. This shall include, but is not limited to, a key to the vehicle and a valid operator's license.
- c. The Contractor shall verify that the requested vehicle is registered as defined by California law by reviewing registration tag.
- d. When the Contractor's personnel is satisfied that the Customer is entitled to the vehicle, the Contractor shall record the identity of the person, the number and expiration date of the operator's license, and collect applicable fees. The Contractor shall then release the vehicle to the Customer within one hour of the time the Customer begins the release procedure.
- e. If the vehicle is stored at the Long-Term Storage Facility, transportation to that location will be provided by the Contractor at no charge to the Customer during Long-Term Storage Facility business hours, or the vehicle shall be delivered to the Customer Service Center within one hour of payment of fees associated with vehicle tow.
- f. The Contractor shall collect from the Customer not more than one Transfer Fee.
- g. The SFMTA may require Contractor to verify valid insurance prior to vehicle release.

6. Release Exceptions

- a. In the event that the SFPD has identified, in writing or via a City-approved electronic means, a vehicle as having a Police Hold, the Contractor shall not release the vehicle without written or electronic authorization from the SFPD.
- b. The Contractor shall NOT return/release a vehicle if the vehicle has five or more delinquent parking violations listed in the SFMTA computer database (scofflaw) until those Citations are paid. Delinquent violations are those Citations that have not been paid and are not scheduled for administrative review or hearing by the SFMTA.
- c. The Contractor shall determine Citation status through authorized access to the SFMTA's Citation Management System.
- d. The Contractor shall refer the Customer to the SFMTA Customer service center, at 11 South Van Ness Avenue, if the Customer wishes to dispute a Citation.

- e. If the Customer wishes to pay the Citations not required for release of a vehicle, the Contractor shall accept payment, record the payment immediately in the SFMTA's Citation Management System and release the vehicle as described above.

7. Personal Property Releases

- a. A Personal Property Release allows the Customer to enter the vehicle, with the supervision of the Contractor, to obtain property from the towed vehicle.
- b. The Contractor's supervision shall include preparing a written inventory of the items removed by the Customer. However, the Contractor has no responsibility for assisting the Customer to remove personal property from the vehicle.
- c. The Contractor shall require the Customer to sign the inventory statement listing the item(s) they removed from the vehicle, and shall file the Personal Property Release data collected in the TVMS system or in a paper file with a file name cross referencing the Tow Request ID in the TVMS.
- d. The Contractor shall only release personal property found within any vehicle in its custody when it is satisfied that the Customer is entitled to access the vehicle and only if its contents and the vehicle is not subject to a Police Hold.

8. Valuation of Vehicles

a. Lien

- i. The Contractor shall have each impounded vehicle assigned a lien category (Lien 1, Lien 2 or Lien 3 Vehicle) during vehicle intake, but in no event, later than 72 hours after the vehicle's initial arrival at a designated intake Facility. The Contractor shall assign a Lien Category by accurately assessing the monetary value of each vehicle under penalty of perjury as required by California Vehicle Code Section 22670(b).
- ii. The Contractor shall comply with all state and local laws and regulations applicable to notice and conduct of Lien Sales of vehicles, including, but not limited to California Civil Code §§ 3068-3074 and Division 11, Chapter 10, Article 2 of the Vehicle Code (§§ 22650 et seq.), and any successor statutes.
- iii. The Contractor shall make a diligent effort to locate and contact the owner and any lienholder(s) for each impounded vehicle, in accordance with all state and local laws and regulations.
- iv. The Contractor or its designee shall request vehicle ownership information from the DMV for all vehicles stored at least 72 hours, and shall, whenever ownership information is available, send lien notices to registered owners, lien holders and legal owners identified by the DMV

between three and seven days from the date that the vehicle was towed.

- v. If the Contractor is able to ascertain the identity of the owner of the vehicle and fails to send notice under this section within seven days of the date that the vehicle was towed, the Contractor shall waive storage fees for the vehicle for the eighth day of storage through the lien start date.
- vi. The Contractor shall use an electronic means of communicating its requests for vehicle license and ownership information to, and of receiving responsive information from the DMV. Exceptions to the deadlines for providing prompt notice of storage to vehicle owners pursuant to this Section include:
 - Vehicles subject to Investigative Holds.
Ownership information for these vehicles should be requested and notices sent within 48 hours after the hold is released by the SFPD, and storage charges shall begin to accrue as of the date of the release of the hold.
 - Vehicles identified as No ID vehicles pursuant to Section II.I.5.b of this Appendix A.
Ownership information for these vehicles should be requested and notices sent within 48 hours after vehicle identification has been provided by SFPD.
 - Vehicles with out-of-state license plates for which the DMV does not have ownership information. Lien notices for these vehicles must be sent to DMV in accordance with the requirements of the Vehicle Code.
- vii. The form of notice sent to registered owners, lien holders and legal owners shall be subject to Vehicle Code, Civil Code, and DMV requirements and prior approval by City. Lien sale notices shall include a statement that failure to Claim a vehicle is not sufficient to avoid towing and storage costs in excess of the vehicle's sale price, and that, with the exception of Lien 1 Vehicles, such towing and storage charges in excess of the vehicle's sale price may be subject to collection.
- viii. Lien sale notices shall also include the following information:

"If your vehicle is sold at Auction, you may be entitled to any proceeds that exceed the amount of any applicable City fees, and the amount of any unpaid parking Citations on the vehicle. The City is required to send the excess proceeds to the California Department of Motor Vehicles to be deposited in the Motor Vehicle Account in the State Transportation Fund. If you do not claim the excess proceeds within three years of the date that the money is deposited into the Motor Vehicle Account, you may forfeit your right to the money under California Civil Code Section 3073. In order to find out if your car sold for more than our lien amount, you may contact the Lien Sale Unit at

the Department of Motor Vehicles at the following address: California Department of Motor Vehicles, Lien Sale Unit, P.O. Box 932317, Sacramento, CA 94232-3170. Or, you may call the Lien Sale Unit at the following telephone number: 1-916-657-7976.”

- ix. The Contractor shall provide a bi-weekly Lien Sale report to SFMTA that must include the VIN, license plate number, year and model of each vehicle sold at Auction, the Lien classification of the car, the starting bid amount, the actual sale amount, and a detailed description of the distribution of deficiency or excess proceeds amounts.
- x. The Contractor shall not sell Lien 1 vehicles at the public Auction. All Lien 1 vehicles shall be sold to dismantlers.
- xi. The Contractor shall create a Vehicle Valuation Plan as part of the Operations Manual elements ***within 60 days of the date specified in the Notice to Proceed.***

b. Lien Sale/Auction Procedures

- i. The Contractor shall track lien-related dates, and process the official lien notification paperwork as required for Lien Sales by applicable law in the state of California.
- ii. The Contractor's Lien Sale notice for Lien 2 and Lien 3 vehicles shall include the specific date that the vehicle is scheduled to be sold at Auction. Contractor may use this date to calculate the amount of storage charges due.
- iii. The Contractor shall not process the Bill of Sale and the Certificate of Lien Sale until the Auction sale date and shall include on these forms the name of the buyer and the purchase price of the vehicle.
- iv. Unless the SFMTA has given prior written approval to suspend a scheduled Lien Sale. The Contractor shall conduct Lien Sales at least every other week for vehicles that have been cleared for sale after the lien process is complete.
- v. The day of the week for these Auctions is subject to approval by SFMTA. Currently the SFMTA has approved Wednesday as a regularly scheduled Auction day.
- vi. After the Contractor initiates the lien process for a vehicle with the DMV, Contractor's valuation and classification of the vehicle shall be subject to later adjustment only as directed by or with the approval of the SFMTA's designated personnel.
- vii. In no event shall any impounded vehicle be pulled from a pending Auction for the purpose of reclassifying the vehicle after the Auction has begun. Changes to this policy require written approval from the SFMTA.
- viii. The Contractor is required to send the excess proceeds to the California Department of Motor Vehicles to be deposited in the Motor Vehicle Account in the State Transportation Fund.

- ix. Vehicles upon which the Contractor issues lien holds shall be stored primarily at the Long-Term Storage Facility. With the exception of Lien 3 Vehicles, which must be held for ten days after the actual date of sale pursuant to Civil Code Section 3071(k), all vehicles that are Auctioned or sold for dismantling shall be removed from the PSF or LSF within one week after the date of sale. Lien 3 Vehicles shall be removed from the PSF or LSF within 14 days of the date of sale.

c. Deficiency Claims

- i. Upon request of the SFMTA, the Contractor shall file Deficiency Claims under California Civil Code § 3068.1, for any fees still owed by the Customer after the Lien sale of vehicles listed as Lien 2 or Lien 3. Before attempting collection of the Deficiency Claim, the Contractor shall send a notice to the registered owner of the amount of the Deficiency Claim, the basis of charges, including the dates and amounts of towing and storage fees, the make, model and license number of the vehicle that is the basis for the Claim, and the amount of the debt, including the amount that is offset by money recovered from the sale or salvage of the vehicle. Documentation of any amounts received by the Contractor on behalf of the City for the sale or salvage of the vehicle shall be included with such notice.
- ii. In the event that SFMTA approves the Contractor using a third-party vendor to provide collection Services on behalf of the City for these Deficiency Claims, the Contractor shall contractually require the third-party vendor to meet the Lien Sale notice requirements of this Section II.J.7. The form of such notice, whether sent by the Contractor or by a third-party vendor, shall be subject to prior approval by City.
- iii. Any amounts incurred to perform these collections will be reimbursed to the Contractor by the SFMTA and all amounts collected will be paid by the Contractor to the SFMTA.

d. Disposal of Unsold Vehicles

At least once every other week Contractor shall remove all sold Lien 1 vehicles from the Long-term Secondary Facility.

e. Records of Vehicle Auction Purchasers

- i. The Contractor shall require all persons who desire to purchase vehicles at Auction to pre-register. The Contractor shall require all registrants to provide photo identification with current address. Contractor shall maintain Records of each purchaser's name and address.
- ii. The Contractor shall maintain Records of each purchaser's name and address. The information shall be maintained in TVMS and shall be linked to the vehicle purchased.

f. Vehicle Sales to Certain Individuals Prohibited

- i. The Contractor shall not knowingly sell vehicles at Auction to any individuals meeting the following criteria (collectively, “Restricted Auction Participants”):
 - The Contract Monitor and any Close Family Member of the Contract Monitor;
 - The Contractor's employees and any Close Family Member of the Contractor's employees;
 - Any individual designated to provide auditing Services under the Agreement as described; and
 - Any person who is acting or has acted within the previous three years as the Contractor's vehicle Auctioneer, and any Close Family Member of a person who is acting or has acted within the past three years as Contractor's vehicle Auctioneer.
- ii. The Contractor may develop lists of Auction participants who demonstrate a tendency to purchase and subsequently abandon vehicles purchased at Auction on public or private property, and may prohibit such persons and any other persons who are known to have engaged in illegal conduct or conduct prohibited by this Agreement before, during or after an Auction from submitting bids.
- iii. The Contractor must obtain and verify a list of the Restricted Auction Participants at the time of any changes to the current employee list, the Auctioneer and/or the individuals designated to provide auditing Services under the Agreement.
- iv. The Contractor must establish a clear employment policy that prohibits employees and their Close Family Members from making purchases of vehicles at Contractor's Auctions. The policy must be included in Contractor's employee policies manual, and all new employees are required to review and acknowledge acceptance of the employee policies manual at the time of employment.
- v. The Contractor must act immediately to initiate termination proceedings for any employee found to have violated this policy and must immediately notify the City if it has actual knowledge or suspicion of any employee violating this policy.
- vi. On at least a quarterly basis, The SFMTA may conduct an audit of the of the Restricted Auction Participants list, using the most current list and a random sample set of vehicles sold through the Auction during the given evaluation period, to determine if any vehicle sales within the sample are prohibited under this Section II(J)(7)(f). The Contractor shall provide the necessary tools to facilitate an auditable process.

K. Monetary Claims and Service Complaints Tracking

1. Monetary Claims Procedure

- a. The Contractor shall establish a procedure by which Customers whose vehicles have been towed and/or stored may file a monetary Claim against the Contractor.
 - b. The Contractor shall respond to all Monetary Claims ***within 14 days of receipt of the Claim***, either to accept, deny or request further information for investigation.
 - c. The Contractor shall in all cases endeavor to resolve Claims fairly and expeditiously. The Contractor must resolve all accepted Claims ***within six months*** of receipt unless:
 - i. Such Claim is abandoned by the Customer's failure to respond to Contractor's communication for a period of one calendar month, or
 - ii. The Claimant files a court action involving the subject of the Claim.
 - d. The Contractor shall designate a Claims manager who shall supervise the Contractor's Claims procedures and shall be available during regular business hours to discuss Claims with Customers in person or by telephone.
 - e. The Contractor shall maintain electronic Records and an audit trail of all Claims filed and of all correspondence with Customers, including but not limited to denials of Claims, settlement offers and amounts paid on Claims. Records shall be kept for the term of the Agreement, including any extensions.
 - f. The Contractor also shall retain any supporting documents submitted with a Claim in accordance with record retention requirements of this Agreement. The Contractor shall respond to City requests to review Records related to Claims within seven days of request.
 - g. The Contractor shall track Claims using both paper forms and electronic Records. Using electronic Records, the Contractor shall provide the City with supplemental, specialized reports regarding any Claim upon request within seven days of request.

2. Status Reports of Monetary Claims

The Contractor shall submit a monthly Monetary Claims Status Report that contains the following information:

- a. Claim tracking number
- b. Name of Customer filing Claim
- c. Date Claim received
- d. Name of Contractor employee who processed Claim
- e. Brief description of Claim
- f. Estimated value of Claim, when available
- g. Verified amount of Claim
- h. Status of Claim

- i. Average time between receipt of Claim and resolution of Claim
- j. Brief description of Claim resolution
- k. Date of resolution of Claim

3. Service Complaint Procedure

- a. The Contractor shall establish a procedure by which Customers may submit service Complaints about the Contractor's performance of the Services under this Agreement.
- b. The Contractor shall respond to all Service Complaints, regardless of origin (by mail, phone, in person or via the internet) within seven days of receipt of the Complaint.
- c. The Contractor shall make available to Customers a service Complaint form that includes a self-addressed, pre-paid postage envelope.
- d. The Contractor's Complaint procedure shall allow service Complaints to be submitted by mail, fax or internet, and shall allow Customers to request a Complaint form by telephone, fax, in person or by email.
- e. The Contractor shall record the name, telephone number, and address of each complainant and the details of each service Complaint.

4. Status Reports of Service Complaints

- a. The Contractor shall maintain a Service Complaint summary in a form acceptable to the SFMTA that contains the following information:
 - i. Complaint tracking number
 - ii. Name of Customer/complainant
 - iii. Date Complaint received
 - iv. Name of Contractor employee who processed Complaint
 - v. Brief description of Complaint
 - vi. Status of Complaint
 - vii. Brief description of Complaint resolution
 - viii. Date of resolution of Complaint
- b. The Contractor also shall retain any supporting documents submitted with a Complaint in accordance with record retention requirements of this Agreement. The Contractor shall respond to City requests to review Records related to Complaints ***within seven days of request***.
- c. The Contractor shall track Complaints using both paper forms and electronic Records. Using electronic Records, the Contractor shall provide the City with supplemental, specialized reports regarding any Complaint upon request ***within seven days of request***.

5. City Controller's Audits

- a. SFMTA reserves the right to perform compliance or financial audits during the term of the Contract through the Controller's Audit Division or by an

auditing firm approved by the SFMTA Controller's Audit Division and the SFMTA. The audit report may include but are not limited to the following:

- i. All monies collected by the Contractor under the Contract
- ii. A review of all Auction procedures, including compliance with the legal and contractual requirements for the Lien Sale process
- iii. Procedures to determine compliance with all requirements of the Agreement.

b. The Contractor shall also provide SFMTA with a copy of any DMV reports or audits of the Contractor's practices or performance of its responsibilities under Contract that are in the Contractor's possession. If such reports are not in the Contractor's possession, the Contractor shall sign a waiver authorizing DMV to share any such reports with SFMTA.

6. Acceptance of Parking Citation Payments

- a. The Contractor shall accept payment of parking Citations at the Primary Storage Facility's CSC during business hours by any Customer regardless of whether the Customer's vehicle has been towed.
- b. As a condition of release of a towed vehicle, the Contractor shall require payment of all delinquent parking violations on the vehicle if there are five or more delinquent violations assigned to the vehicle (scofflaw).
- c. The Contractor shall deposit all monies collected for parking Citation payments in the SFMTA's account designated by the SFMTA's controller, the next business day. The Contractor shall assume all responsibility for any shortages on monies collected for parking Citation payments.
- d. The Contractor shall utilize the SFMTA Citation Management System to determine open Citations and the amount due on each and shall post payments on an on-line basis to the SFMTA's system 24-hours per day, seven days per week.
- e. The Contractor shall pay for hardware, connections and any other costs associated with making the connection to SFMTA's Citation Management System.

L. Auctions

At the SFMTA's election, in its sole discretion, the Contractor shall conduct Auctions using (i) an internet-based platform ("Online Auction(s)") and/or (ii) live in-person Auctions at the Long Term Storage Facility ("Onsite Auction(s)"). The requirements for each type of Auction are set forth below.

1. Requirements for Online Auctions

The requirements for Online Auctions are as follows:

- a. The Contractor shall subcontract with an SFMTA-approved Platform Provider to conduct Online Auctions on behalf of the SFMTA.
- b. The internet- and/or application-based platform used to conduct Online Auctions shall be accessible to anyone interested in bidding on a vehicle.

- c. The Platform Provider shall not charge users a fee for participating in an Online Auction.
- d. The Platform Provider shall keep records of the following:
 - i. Each participant, including verified email address, verified mobile phone number, user provided ZIP code, and IP address at time of bid;
 - ii. Each bid and winning bid; and
 - iii. Vehicles sold.
- e. The Platform Provider shall not permit or accept sealed bids.
- f. The Platform Provider will be entitled to receive a per-vehicle Online Auction fee equal to the lesser of 11.4% of the vehicle's final bid price (e.g., the amount of the bid price accepted, excluding any buyer's premiums, taxes, and other fees, including the auction sales service fee owing to the City under San Francisco Transportation Code Section 305(a)(2)) or \$999.00. Such per-vehicle Online Auction fee shall be paid by the buyer. No fees shall be charged to the SFMTA.
- g. Contractor shall comply with provisions under the California Civil Code by requiring that each vehicle to be auctioned has been available for inspection at a location easily accessible to the public at least one hour before the sale and is at the place of sale at the time and date specified on the notice of sale.
- h. Online Auctions shall be held at least every other week, for a minimum total of 26 Auctions annually. The Contractor shall notify the Platform Provider of the day of regularly scheduled Auctions. The Contractor also shall notify the Platform Provider a minimum of three days before any additional Auctions shall take place.
 - i. The Contractor shall provide the Platform Provider a report of all vehicles being auctioned, which shall include at a minimum the vehicle makes, models, and the minimum asking price as determined by Contractor ("Pre-Auction Report").
 - j. The Contractor shall perform software integrations within the TVMS as deemed necessary for Online Auctions to occur.

2. Requirements for Onsite Auctions

The requirements for Onsite Auctions are as follows:

- a. The Contractor shall hire the services of independent Auctioneers at the Contractor own expense.
- b. The Contractor shall rotate a full-time Auctioneer at least once per year except with the SFMTA's prior written approval. The Contractor may propose an alternate model of rotation, but any alternate rotation models are subject to written approval of the SFMTA.

- c. Upon the Contractor's request, and with prior written approval by the SFMTA, an individual who has served as a full-time Auctioneer in the past, but not within the preceding year, may again act as a full-time Auctioneer.
- d. A full-time Auctioneer is defined as one who has performed more than 50% of the Auctions within a given Contract year.
- e. The Contractor shall keep Records of Auctioneer rotation and shall produce those Records within 48 hours of a request from the SFMTA.
- f. Onsite Auctions shall be held at least every other week, for a minimum total of 26 Auctions annually. The Contractor shall notify the Auctioneer of the day of regularly scheduled Auctions. The Contractor also shall notify the Auctioneer a minimum of three days before any additional Auctions shall take place.
- g. The Contractor shall provide the Auctioneer a report of all vehicles to be auctioned, which shall include at a minimum the vehicle makes, models, and the minimum asking price as determined by Contractor ("Pre-Auction Report").

3. Violations

- a. Any Platform Provider or Auctioneer who knowingly bids on Lien Sale vehicles in violation of this Agreement, or who conducts an Auction that in any way benefits their own financial interests or the financial interests of any Close Family Member, shall be immediately disqualified from conducting any future Auctions.
- b. The Contractor must act immediately to dismiss a Platform Provider or Auctioneer if the Contractor has actual knowledge of any conduct on the part of the Platform Provider or Auctioneer that is prohibited under this Section, and must immediately notify the SFMTA of any action to address the conduct discovered or suspected.

II. STAFFING

A. Tow Firm/Tow Truck Operator Procedures

1. Subcontracting

The Contractor may subcontract with one or more Tow Firms for the provision of towing Services to Contractor in accordance with the Agreement. The Contractor shall submit a list of subcontractors ***within 30 days of the date specified in the Notice to Proceed***. The Contractor must notify the SFMTA of any modifications to the submitted subcontractor list.

2. Vehicle Signage

- a. All tow vehicles used for providing towing Services must bear a sign stating the Contractor's name (above), the Tow Firm's trade name (below), and the Contractor's address and telephone number, all in characters at least 1½ inches high on both tow truck doors.
- b. All tow trucks shall bear an identifying number in characters at least 3 inches high on both sides of the vehicle. Detachable signs may not be used for this purpose.

3. Tow Firm Subcontracting Agreements

- a. Electronic copies of all signed Agreements entered into by the Contractor with Tow Firms shall be available to the ***SFMTA within seven days of signing***.
- b. The Contractor shall include current documentation of required proof of insurance for each Tow Firm and licenses for operators used by each Tow Firm.
- c. The Contractor is responsible for keeping the SFMTA up-to-date with the Tow Firms used in performance of the Agreement, including new contracts, the addition or release of any Tow Firm, or renaming of any Tow Firm.

4. Licenses and Permits

- a. The Contractor shall have and maintain at all times valid licenses and permits and shall require the same of any Tow Firms.
- b. The Contractor shall, at a minimum, audit annually all Tow Firms to ensure that all licenses and permits are up to date and valid, and maintain a current file for the Contract Monitor to review and approve. The SFMTA shall reserve the right to direct the Contractor to perform more frequent audits.
- c. The Contractor is responsible for any and all Claims arising out of the failure to maintain current permits and licenses.

5. Operator Staffing

- a. The procedures and regulations set forth in Articles 30 and 30.1 of the San Francisco Police Code shall apply to all subcontracting Tow Truck

Operators and Tow Firms conducting any tow Services under the Agreement.

- b.** The Contractor shall require that all Tow Firms and Tow Truck Operators used in the performance of the Agreement to have a valid tow permit license issued by the SFPD.

6. Uniforms

All subcontractor personnel who have regular, continuous contact with members of the public shall be neat in appearance and courteous to the public.

- a.** All Tow Truck Operators must display photo ID badges at all times when on duty. The form and design of the photo ID badges must be approved by the City.
- b.** All Tow Truck Operators must wear at all times a standard colored shirt with the name of the employee affixed to right or left side of the shirt. The Contractor or subcontractor's company name shall be displayed on the opposite side of the shirt and/or jacket.

III. TOWED VEHICLE MANAGEMENT SOFTWARE (TVMS)

A. Data Availability

1. The Contractor shall provide SFMTA with, and maintain real-time access to, its database of towed vehicles at all times through a web-based system. Online access shall be available to SFMTA-designated departments and staff.
2. The Contractor shall ensure that data stored in the TVMS is available on a read-only basis that allows the SFMTA and the Contractor to search for vehicles by license number and VIN number, although the Contractor is welcome to add other means of searching for vehicles.
3. The Contractor's database shall not under any circumstances be maintained using proprietary software that will prevent data analysis/extraction using Excel or comparable software.
4. The Contractor's TVMS must be operational and available at least 98% of the time for any individual calendar month, except in case of failure of third-party providers of electrical power, internet access, cellular communications to provide service.

B. Communications

1. The Contractor's system shall store towed vehicle information that includes but is not limited to the following:
 - a. VIN
 - b. Vehicle license plate number and state of origin
 - c. Vehicle make
 - d. Vehicle model
 - e. Vehicle color
 - f. Location of tow (street and cross street)
 - g. Tow date and time
 - h. Tow equipment used
 - i. Reason for tow
 - j. Time of arrival at the storage Facility
 - k. Date and time of transfer between storage facilities
 - l. Dispatcher ID#
 - m. Tow Truck Operator ID#
 - n. Final disposition of vehicle (released or sold)
 - o. Notes Section (Comments added by customer service representatives from conversations with vehicle owner, lien holder, insurance agent, or any other applicable party).

2. The Contractor shall send towed vehicle information collected on every vehicle towed by each responding Tow Truck Operator in real-time to the TVMS using a wireless communications device. Commute Tows, Special Event Tows, and Regional Sweeps information shall be sent once the tow truck arrives at the appropriate Facility, until enhancements enable Tow Truck Operators to initiate TVMS tow Records from the field.
3. The Contractor shall train employees and Tow Truck Operators on the procedure for inputting the information on towed vehicles. This initial communication will create a new record indexed to the unique, system-generated field in the TVMS for each tow request.

C. User Identification and Permissions

1. The initial User identification for City employees and other authorized representatives and type of access granted, and any changes must be approved by the SFMTA.
2. The Contractor shall maintain a complete list of Users and associated permissions
3. The User list shall identify the following:
 - a. Name of User
 - b. User's e-mail address
 - c. Agency of User (applicable to City employees and authorized representatives)
 - d. Permissions, including read only, money handling functions, financial adjustment authority, override authority

D. Links to SFPD

1. ***Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan***, the Contractor shall integrate the TVMS to the SFPD's Computer-Aided Dispatch (CAD) system so that officers can input tow information from the police cars using the CAD.
2. In addition, the Contractor shall, upon the request of the City, determine if it is possible to integrate the TVMS with the California Law Enforcement Telecommunication System (CLETS) to facilitate automated reporting of non-consent tows to Department of Justice system,
3. The integration shall be configured so that no restricted information is available to anyone outside the SFPD.

E. Links to Handheld Citation Issuance Devices

Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan, the Contractor shall integrate the TVMS to the SFMTA's handheld Citation issuance devices.

F. Electronic Storing and Retrieval of Tow Inventory Slips

1. The Contractor shall electronically scan and file Tow Inventory Slips of all vehicles being towed and cross-reference the scanned slip to the tow record in the TVMS.
2. The Contractor shall ensure that Tow Inventory Slips are scanned and entered into the TVMS system as soon as the vehicle is delivered to the PSF or the LSF, and never more than eight hours after a vehicle is towed.
3. Contractor shall ensure that the City has remote electronic access to Tow Inventory Slip information at all times.
4. The Contractor shall retain electronic copies of all tow slips on file for the term of the Agreement. At the end of the Agreement, the SFMTA will indicate what tow slips need to be transferred based on the agency's document retention requirements.

G. Electronic Storing and Retrieval of Waiver/Reimbursement Forms

1. The Contractor shall scan all manually-written reimbursement forms and store the forms as an electronically scanned image, cross-referenced to the tow record in the TVMS.
2. The Contractor shall ensure that the SFMTA has remote electronic access to waiver/reimbursement data at all times

H. Electronic Form

1. Upon request of the SFMTA, and with approval of the SFPD, the Contractor shall develop an Electronic Form for SFMTA and SFPD staff to enter waiver information into the TVMS system. An Adobe .PDF or equivalent copy shall be auto-populated and made available through the TVMS for each applicable tow. The Electronic Form will act as a replacement for the current paper waiver forms.
2. The TVMS shall allow the SFPD and SFMTA to enter waiver instructions. The TVMS shall automatically apply any fee reductions based on waiver instructions provided. Only designated Contractor staff shall complete a Customer invoice.

I. Vehicle Inventory

1. ***As of the date specified in the Notice to Proceed***, the Contractor shall maintain an electronic vehicle inventory and vehicle locator system at both the Primary and Long-Term Storage Facilities throughout the term of this Agreement, and any extension(s) thereof, in a manner that is satisfactory to the SFMTA.
2. The Contractor's system must be capable of providing electronically to the SFMTA a daily record containing information including tow date, VIN (if available), vehicle make, model, year, and registered owner of all vehicles and the location of all vehicles both at the time of tow and at any point after the vehicle has been towed.

3. The Contractor shall provide a daily vehicle intake report to authorized City agencies through the TVMS system.

J. Customer Invoices

1. The Contractor shall maintain uniquely numbered invoices of each transaction involving the removal, impoundment, and disposition of all vehicles towed pursuant to the Agreement.
2. Contractor's invoices shall contain the following information: a) date and time an authorized City agency contacts Contractor to request the tow; b) date, time and location of tow and identity of Tow Car Operator; c) make, model, year, vehicle license number and VIN of vehicle towed; d) name and address of registered owner of vehicle towed; e) inclusive dates of and itemized charges for impoundment; and f) date and manner of vehicle disposition and income received therefrom.
3. Electronic Records of all invoices shall be stored in a manner approved by the SFMTA. The SFMTA shall have the ability to review copies of all invoices through the TVMS upon request.
4. The TVMS shall have the ability to separate electronic authorization of waivers by the SFPD or SFMTA from the Contractor's processing of those waivers.

K. Integration of Towing Software with Citation Management System (CMS)

1. ***Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan***, the Contractor shall create an interface between its TVMS and the City's CMS so that Records on each towed vehicle are created in the City's CMS in real-time as the tows occur.
2. Contractor shall ensure that towed vehicle Records in the TVMS are updated in the City's CMS in real-time for any data element that is shared by the CMS and the TVMS.
3. The Contractor must provide City with vehicle intake information to update the CMS within one hour of the intake of the vehicle.
4. The Contractor must enter all vehicle release information into the CMS within twenty-four hours of release of the vehicle.
5. If the vehicle's identifying information cannot be matched between the CMS and the TVMS, the Contractor shall report the discrepancy to SFMTA within 72 hours.
6. At any time during the term of this Agreement the SFMTA may elect to eliminate the use of the City's CMS for entering and tracking towed and impounded vehicles. Should the SFMTA eliminate the data entry of new tow information into the CMS, the interface requirements of this Section would no longer apply. Instead, the sole record of towed and impounded vehicles would be the Contractor's TVMS system, and the City would have the right to audit this data at any time using reasonable auditing methods.

7. If a record of towed and impounded vehicles is no longer maintained in CMS, the Contractor would be required, on a daily basis, to provide the City with a list, in an electronic format that is approved by the City, of all vehicles that are currently impounded.

V. STORAGE AND CUSTOMER SERVICE FACILITIES

A. Facilities Provided

The SFMTA will make available for the Contractor's use two parcels of property subject to the terms and conditions in the licensing agreements that will be developed from the exemplar in Appendix E of the Tow RFP. The Contractor shall be required to use the Primary Storage Facility for the short-term storage of vehicles towed because they are illegally parked. The Contractor shall use the Long-Term Storage Facility for both the long-term storage of towed and abandoned vehicles that are unclaimed by vehicle owners, and for hosting Auctions of vehicles that are subject to Lien Sale. The Contractor is responsible to keep all open areas on the properties where storage facilities are located maintained in a clean, secure, neat, and visually presentable manner

B. Facility Relocation or Consolidation

The SFMTA reserves the right to move either Facility to another location or to combine facilities, and will pay the reasonable costs should the need become necessary.

C. Electronic Security Systems

1. The Contractor shall purchase, install and maintain a camera-based security system that can be accessed remotely for the customer service areas, SFPD's Crime Scene Investigation Unit (CSI) bays, all towed vehicle storage areas of the Primary Storage Facility, and the customer service, towed and investigative vehicle storage, and Auction areas of the Long-term Storage Facility.
2. The Contractor's system must have the capacity to allow designated City staff access to camera views at both facilities.
3. The Contractor's system must be reviewed and approved by the SFMTA prior to acceptance.
4. Upon termination of the Agreement, the SFMTA will determine the disposition of the security equipment and will either negotiate purchase of the equipment from the Contractor or will instruct the Contractor to remove all equipment.

D. Licenses for Occupancy

The SFMTA shall grant the Contractor two licenses, one for each Facility, permitting the Contractor to occupy and use each property to perform the operations described herein, subject to the Contractor's compliance with the terms and conditions of the Agreement and license. These licenses will be appendices to the Agreement.

E. Vehicle Dismantling/Crushing Prohibition

The Contractor is prohibited from dismantling or crushing vehicles or removing vehicle fluids at either Facility, except as needed to comply with applicable environmental regulations to be identified in the license for each Facility.

F. Maintenance of Facilities

The Contractor is responsible for ongoing maintenance of all property and equipment within both Facilities, including equipment used by the SFPD as referred to in items G and H of this Section

G. Primary Storage Facility

1. Components

The Primary Storage Facility, currently located at 450 – 7th Street, consists of the Customer Service Center, short-term parking lot and a segregated, gated area for the SFPD's Crime Scene Investigation unit.

2. Time Constraints

- a. The Contractor shall store all towed vehicles that are normally claimed by their owners within 48 hours after being towed, including all towaway and driveway tows, at the PSF.
- b. Vehicles shall be moved to the Long-term Storage Facility per a schedule approved by the SFMTA. Initiation of the vehicle release process shall begin at the Primary Storage Facility.

3. Sales Prohibition

No sales of vehicles or parts shall be conducted at the Primary Storage Facility.

4. Customer Service Center

At the CSC, Customers may recover vehicles in person, and may pay towing and storage charges, Citation fees, boot fees, and other applicable fees, and/or process any documentation required for vehicle release.

5. SFPD Investigative Vehicle Work and Storage Areas

- a. The SFPD currently has indoor space for investigative work done by the Crime Scene Investigation Unit, consisting of two bays and an office, and outdoor space to store investigative vehicles, consisting of covered space for 12 vehicles and additional 38 spaces.
- b. ***Within 60 days of the date specified in the Notice to Proceed***, the Contractor shall obtain a quote, subject to SFMTA approval, for the work necessary to upgrade the current workspace as follows:
 - i. Remove six current non-working hydraulic vehicle lifts (three in each bay).
 - ii. Replace with one electronic vehicle lift in one bay, and one electronic lift and one motorcycle lift in the second bay.
 - iii. Replace current fencing for investigative vehicle storage with aluminum fencing to prevent view of the stored investigative vehicles.
 - iv. Upgrade lighting within the bays to allow for detailed examination of vehicles on lifts.

- v. Install in storage space and bays camera surveillance equipment that saves footage for up to 120 days and can be viewed upon request by the SFPD.
- vi. Contractor shall submit all bills for upgrading the CSI bays and fencing to the City for reimbursement.

H. Long Term Storage Facility (LSF)

1. Components

The LSF currently consists of two customer service areas (one for vehicle retrieval and one for Auction-related Services), Contractor office space, an Auction area, and SFPD hold areas (indoor and outdoor) with office space, and long-term vehicle storage space.

2. Business Hours

The Primary Storage Facility shall be open for business 24 hours per day, 7 days per week, including holidays. The Long-Term Storage Facility shall be open for business from 8 a.m. to 5 p.m. Monday through Friday and 8 a.m. to noon on Saturday. However, vehicles stored in the Long-Term Storage Facility must be available for release or transport to the Primary Storage Facility at any time in compliance with the release requirements stated herein.

3. Lease Obligations to Owner of Facility

The Contractor must sign a license with SFMTA for each Facility that includes Contractor's agreement to assume all responsibilities for and be bound by all covenants, terms, and conditions of the SFMTA's lease agreement each Facility.

4. SFPD Requirements

- a. The SFPD hold and No ID examination areas are as follows:
 - i. Indoor space for at least twenty-five (25) No ID vehicles.
 - ii. One vehicle lift and one motorcycle lift.
 - iii. Secured indoor space for at least 100 Investigative Hold vehicles.
 - iv. Secured outdoor space for at least 175 Investigative Hold vehicles.
- b. No person shall be allowed access to an Investigative Hold vehicle or retrieve personal property from such vehicle without written authorization from the SFPD.
- c. If the SFPD designates an Investigative Hold vehicle as an evidentiary vehicle at the time of the tow request, the Contractor shall ensure that the towing and storage of the vehicle is conducted in accordance with any standards for handling and preservation of evidence provided to Contractor by the SFPD in writing.
- d. The Contractor shall maintain the Investigative Hold areas in a manner which ensures its ability to locate vehicles requested by SFPD within one hour of SFPD's request. The Contractor may, from time to time, request

training for Tow Truck Operators and employees for the handling of evidentiary vehicles from the SFPD.

I. Additional Requirements for Both Facilities

1. The Contractor must comply with all federal, State and local laws, and safety regulations applicable to its proposed use.
2. The Contractor shall ensure that all areas, including those servicing Customers for vehicle pick up and Auction activities are clean and well maintained.
3. The Contractor shall meet all onsite environmental requirements for handling and storage of hazardous materials.
4. The Contractor shall be responsible for existing gate and fencing maintenance.
5. The Contractor shall repair any damage to the existing pavement on Facility property during the normal course of business.
6. The Contractor shall maintain adequate lighting for indoor and nighttime safety of employees and Customers.
7. The Contractor shall ensure adequate drop off-space so that tow and transport trucks can quickly and efficiently load and unload on the property. No loading, unloading, parking or storage of vehicles shall be permitted on the surrounding public streets or right of ways.
8. The Contractor is prohibited from selling vehicle parts at the Facility.

J. Reconfiguring SFPD Areas

Any modifications to the configuration at the PSF and LSF must be approved, in advance and in writing, by the City.

K. Right to Inspect

Any authorized representative of the SFMTA has the right to inspect the Contractor's Primary and Long-Term Storage Facilities at all times for the purpose of evaluating the Contractor's performance. SFMTA officials and inspectors may conduct periodic site visits at any time to inspect for permit conformance and customer service standards, or to respond to Customer Complaints. Contractor must provide the SFMTA with unrestricted access to the Primary and Long-Term Storage Facilities.

VI. REPORTING

- A.** The Contractor shall provide SFMTA the ability to access static reports via a real-time, web-based reporting system.
- B.** The Contractor's reporting system shall also allow for on-demand, ad hoc requests and system monitoring.
- C.** The Contractor shall be prepared to assist the SFMTA in responding to requests for tow-related information from the public and to produce request reports within 48 hours of the request unless otherwise specified.
- D.** The TVMS must have the ability to generate predefined reports, including but not limited to the following:

1. Daily Reports

Tow Activity

2. Weekdays

- a.** Citations
- b.** Holds – Daily
- c.** Holds – in excess of 350
- d.** Payment Details
- e.** Receipt Fee Items
- f.** Tow Response – Daily
- g.** Unreleased Vehicles

3. Weekly

Holds - Active

4. Monthly Reports

- a.** Auctioneer
- b.** Claims
- c.** Complaints
- d.** DBE
- e.** Dropped Tows - Monthly
- f.** Financial and Operational Summary
- g.** Released Vehicles
- h.** Sales - Deficiency
- i.** Sales - Excess
- j.** Service - Call Center
- k.** Service - In-Person
- l.** Sold Vehicles
- m.** Sold Vehicles - Buyers
- n.** Special Event Tows - Monthly
- o.** Staffing Levels
- p.** Stolen Vehicles - Monthly
- q.** Stored Vehicles
- r.** Survey

- s. Tow Activity - Monthly**
 - t. Tow Response - Monthly**
 - u. Transfers – Monthly**
- 5. Quarterly**
Subcontractor Performance
- 6. Fiscal Year**
 - a. Abandoned Vehicle Abatement**
 - b. Dropped Tows**
 - c. Revenue by Agency**
 - d. Special Event Tows**
 - e. Stolen Vehicles**
 - f. Tow Activity - Equipment Type**
 - g. Transfers**
- 7. Special – every 20 minutes or as needed**
Scheduled Tows – Towaway
- 8. Upon update or as needed**
 - a. Management Contact List**
 - b. List of Subcontractors**

VII. Operations Manual

- A.** The Contractor shall update and submit the plans listed below for SFMTA approval within 90 days of the date specified in the Notice to Proceed. The SFMTA will provide edits within 90 days of the receipt of all plans. The SFMTA reserves the right to request additional updates for one or all plans as needed.
- B.** The Contractor is responsible for maintaining an Operations Manual consisting of plans for various Services to be provided under this Agreement.
- C.** The Operations Manual shall include the following plans:
 - 1. Customer Service Plan
 - 2. Policy and Procedures Plan
 - 3. Auctioneer Staffing Plan
 - 4. SFPD Procedures Plan
 - 5. Public Auction Plan
 - 6. Monetary Claims Processing Plan
 - 7. Customer Service Complaint and Response Procedures Plan
 - 8. Adjustment Procedures, Reconciliation, and Oversight Plan
 - 9. Security and Personal Property Plan
 - 10.** Vehicle Valuation Standards Plan
 - 11.** Facilities Management and Maintenance Plan
 - a. Pollution prevention
 - b. Preventative maintenance.
 - c. Ensuring the acceptable condition of the premises if Contractor vacates the Facility.
 - d. Safety, (including fire prevention regulations from the San Francisco Fire Department, and training for surveillance of the premises.
 - e. Plans for future tenant Improvements.
 - f. Outreach to residents in the immediate vicinity (Bayshore).

VIII. FEES, DEPOSITS, AND HANDLING OF MONIES

A. Contractor Fees to the SFMTA

The Contractor shall submit monthly invoices to the SFMTA for fees as outlined in Appendix B – Calculation of Charges.

B. Fees Collected on behalf of the SFMTA

The Contractor shall collect all fees due on a particular vehicle prior to the release of the vehicle, except where specifically noted.

1. Administrative Towing and Storage Fees

The Contractor shall collect SFMTA administrative, towing and storage fees for all vehicles recovered by the vehicle owner. The amount of these fees is subject to change in accordance with the provisions of San Francisco Transportation Code § 305.

2. Citation and Boot Fees

- a.** The Contractor shall collect payments of Citation and boot fees from Customers with towed vehicles and from members of the public whose vehicles have not been towed, in accordance with all requirements set forth in this Agreement.
- b.** Before releasing a towed vehicle that has five or more delinquent Citations, Contractor must collect payment for all delinquent Citations before releasing the vehicle. When a towed vehicle has fewer than five delinquent Citations, Contractor may accept payment for any delinquent or non-delinquent Citations that the Customer wishes to pay. Payment of Citations is not required for a Customer to secure vehicle release if the vehicle has fewer than five delinquent Citations.

3. SFPD Traffic Offender's Fee

The Contractor shall collect all Traffic Offender's Fees and provide a monthly report of Traffic Offender Fee amounts for the SFMTA.

C. Waiver Protocol

1. The Contractor shall accept waivers issued only by the SFMTA and SFPD with documented (electronic or written) approval by authorized personnel as provided by the SFMTA.
2. Application of waivers to Customer invoices must be processed by Customer Service Center staff only, and must be reviewed by the Customer Service Center's manager (or equivalent).
3. In the event that:
 - a.** The SFMTA or the SFPD determines pursuant to a post-storage hearing as required by Vehicle Code § 22852 that the towing, storage, transfer, lien and/or other fees shall be waived for a vehicle, or

b. SFMTA or the SFPD otherwise determines that the fees for the towing, storage, transfer, lien and/or other fees shall be waived for a vehicle pursuant to Section 303(b) of the Transportation Code,

No such fees shall be charged to the owner or operator of such vehicle. The Contractor shall ensure valid approval of the waiver is received and maintained, and that all transactions are auditible.

4. Failure to adhere to waiver protocol in this section may result in the SFMTA deducting the waiver amount from monthly billings paid to the Contractor.

5. Reimbursements

In the event that the owner or operator of a vehicle has paid for towing, storage, transfer, lien and/or other fees and the City subsequently decides to reimburse the towing, storage, transfer, lien and/or other fees, then Contractor shall direct the Customer to the SFMTA Customer Service Center at 11 South Van Ness Avenue and the City will reimburse the owner or operator in full the amounts previously paid to Contractor for such vehicle, or as directed by the SFMTA.

D. Deposit Requirements

1. The Contractor shall have effective controls to accurately collect and safeguard funds and demonstrate an adequate separation of duties.
2. Except as otherwise specified herein, the Contractor shall deposit all funds collected under this Section VII within 24 hours of receipt into an account specified by the City, Monday through Friday, not including weekends and holidays.
3. Any funds with a deadline for deposit that falls on a weekend or a holiday shall be deposited no later than the next business day.
4. All funds due to the SFMTA under this Section shall be paid by the Contractor without prior demand by the SFMTA and without any deduction, setoff, or counterclaim whatsoever, except as expressly provided herein.

1. Deposit of Funds Collected

- a. The Contractor shall accept the following payment methods:

i. Cash:

- The Contractor shall reconcile all cash receipts on the following business day from the date collected. The Contractor shall deposit all revenue into the SFMTA's designated account on the following business day from the date collected.
- In the event that the Contractor fails to deposit cash revenues, on the following business day from the date collected, the Contractor shall reimburse the SFMTA for the loss of interest for every calendar day that the deposit is delayed.
- The Contractor may be excused from this provision in cases where delay occurred outside of the Contractor's control (e.g. natural disaster, power loss, armored service pick up failure, etc.).

- The Contractor shall notify the SFMTA in writing when this occurs; describing any conditions that it alleges will excuse its performance.
- All cash receiving and reconciliation operations shall be performed under camera surveillance. SFMTA shall have access to a “live” view of such surveillance. The Contractor shall keep an electronic copy of all procedures recorded for a minimum of 90 days. These recordings shall be made available to the SFMTA within one business day of the SFMTA’s request.
- All collected funds shall be shipped from Contractor’s Facility via armored transport vehicle.

ii. Debit and Credit Cards

- The Contractor shall accept debit and credit cards approved by the City, including Discover, Visa, and Master Card. The City currently does not accept AMEX or other cards.
- The City will supply the Contractor with credit card processing terminals and equipment. The Contractor is strictly prohibited from using any credit card processing terminal or equipment not provided by the City.
- The Contractor shall route all credit card payments to the City’s merchant account processor, currently Bank of America Merchant Services (BAMS).
- The Contractor shall accept in-person credit card transactions only. The SFMTA reserves the right to approve in writing alternative methods of accepting credit card payments, including online or Interactive Voice Response (IVR) transactions. The Contractor is strictly prohibited from accepting any credit card payments through a method that is not authorized by the City, including fax payments.
- The City shall designate the gateway provider and reserves the right to change the gateway provider at any time during the term of the Agreement and the SFMTA may assume costs for gateway fees directly.
- Upon notification, the Contractor shall transition to the provider chosen by the City and will negotiate the transition period and charges associated with a change of gateway provider.

iii. Checks

- The Contractor shall accept checks, with the exception of foreign checks; no foreign checks shall be accepted. All check payments shall be routed to the City’s designated account (currently with Bank of America Merchant Systems (BAMS)).
- The City will supply and set up all the necessary check scanning and verification equipment and terminals. The Contractor is strictly prohibited from accepting any remotely created checks, faxed

checks, or check payments thru a scanner not provided by the City or via other means not approved by the City.

- The Contractor shall meet all the preferred technical requirements set forth by the City and BAMS.

E. Record Keeping

1. The Contractor shall maintain, in accordance with generally accepted accounting principles, complete and accurate books of accounts and Records relating to all items of income received and expenses incurred in the performance of this Agreement.
2. Such books of accounts shall be maintained at the site approved by the SFMTA and in compliance with San Francisco Administrative Code Section 67.29-7(c).

F. Payment Shortages

1. Should the Contractor fail to collect all amounts due from a Customer, the Contractor shall pay the SFMTA any amounts not collected as required herein. The Contractor shall follow any procedures required by the SFMTA to report overages or shortages. The SFMTA shall deduct, any payment shortages from any monies due to the Contractor,.
2. Exceptions to this requirement are; 1) failure is caused solely by the negligence of SFMTA, 2) a failure of the Citation Management System, or 3) failure because vehicle sold at Auction and sale price insufficient to pay all accrued City fees.
3. The Contractor shall inform the Customer that in lieu of providing payment for fees, they have the option to surrender title to their vehicle to City to stop the accrual of storage fees and mitigate the total fees due. The Contractor must provide clear documentation of the following:
 - a. Date of transfer
 - b. Estimated Lien valuation (i.e. Lien 1, Lien 2 or Lien 3)
 - c. Receipt of the following title transfer documents:
 - i. Certificate of Title (signed by registered owner and legal owner)
 - ii. Application of Duplicate Certificate of Title with current registration (for California only)
 - iii. Bill of Sale
 - iv. Lien Satisfied (this is required if the legal owner has not signed over title)
 - d. A written statement that the Customer signs stating as follows:

“I acknowledge that abandoning my vehicle or surrendering the certificate of title does not relieve me of any fees owed for towing, storage, or Citations in excess of the vehicle sale price, and that the remaining balance of fees owed for towing, storage, or Citations, if any, may be subject to collections.”

4. The Contractor shall submit documentation forms for surrender of title to the SFMTA for review and approval prior to distributing to the public.
5. All documentation shall be scanned and electronically attached to the Customer's towed vehicle file for future reference purposes.

**City and County of San
Francisco Municipal
Transportation Agency One
South Van Ness Ave., 7th Floor
San Francisco, California 94103**

**Seventh
Amendment
Contract No.
2014-18**

THIS AMENDMENT (Amendment) is made as of November 4, 2022, in San Francisco, California, by and between TEGSCO, LLC (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

- A. City and Contractor have entered into the Agreement (as defined below).
- B. The SFMTA Board of Directors approved the Agreement, including an option to extend the contract term for up to five years by Resolution No. 16-024 on February 16, 2016; the Board of Supervisors approved the Agreement by Resolution No. 0099-16 on March 15, 2016.
- C. Under the Agreement's Third Amendment, dated April 1, 2021, the parties extended the contract term five years, ending March 31, 2026, and increased the contract amount by \$22.8 million to \$88.2 million, to fund the Contract pay for the first two years of the extended term.
- D. City and Contractor desire to modify the Agreement again, on the terms and conditions set forth herein, to increase the contract amount by \$33.2 million, to \$121.4 million, to fund the Agreement through March 2025; any additional increase in the contract amount to fund the remainder of the extended term would require a separate amendment;
- E. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through Request for Proposal No 2014-48, issued July 26, 2015, and this Amendment is consistent with the process.
- F. The two licenses that authorize Contractor's use, in connection with the Agreement, of the vehicle storage facilities at 2650 Bayshore Boulevard, Daly City, and 450 7th Street, San Francisco (respectively, Appendices D and F of the Agreement) provide that these licenses shall be automatically extended for the same period of the Agreement's extended term.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 Agreement. The term “Agreement” shall mean the Agreement dated April 1, 2016, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,
Second Amendment, dated July 1, 2019,
Third Amendment, dated April 1, 2021,
Fourth Amendment, dated April 11, 2022,
Fifth Amendment, dated April 12, 2022, and
Sixth Amendment, dated June 17, 2022

1.2 Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 Section 3.3.1 (Payment). Section 3.3.1 of the Agreement is replaced in its entirety to read as follows:

3.3.1 Payment. Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, “Calculation of Charges.” Compensation shall be made for Services identified in the invoice that the SFMTA’s designee, in his or her sole discretion, concludes have been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed \$121,400,000 (ONE HUNDRED TWENTY-ONE MILLION, FOUR HUNDRED THOUSAND DOLLARS). The breakdown of charges associated with this Agreement appears in Appendix B, “Calculation of Charges,” attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments.

Article 3 Effective Date

Each of the modifications set forth in Section 2 shall be effective on and after the date of this agreement

Article 4 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY	CONTRACTOR
San Francisco Municipal Transportation Agency  Jeffrey P. Tumlin Director of Transportation	TEGSCO, LLC  Frank Mecklenburg CEO
Authorized By: Municipal Transportation Agency Board of Directors	City Supplier Number: 48588
Resolution No: <u>220906-082</u>	
Adopted: <u>September 6, 2022</u>	
Attest:  Secretary to the Board	
Board of Supervisors Resolution No: <u>447-22</u>	
Adopted: <u>11/14/2022</u>	
Attest:  Clerk of the Board	
Approved as to Form: David Chiu City Attorney	
By:  Isidro Jimenez Deputy City Attorney	

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Appendices:

Appendix B – Calculation of Charges

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103**

**Eighth Amendment
Contract No. SFMTA No. 2014-48**

THIS EIGHTH AMENDMENT (Amendment) is made as of **May 22, 2023**, in San Francisco, California, by and between TEGSCO, LLC (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

- A. City and Contractor have entered into the Agreement (as defined below).
- B. Under the Agreement, Contractor performs certain towing and storage operations at 450 7th Street, San Francisco (“Primary Storage Facility”), which premises City leases from the California Department of Transportation (“Caltrans”).
- C. On October 17, 2022—as contemplated by City and Caltrans’ lease—Caltrans took possession of part of the Primary Storage Facility to perform on-site structural painting.
- D. City and Contractor expect Caltrans’ work at the Primary Storage Facility may continue for the remainder of the Agreement’s term, requiring that Contractor relocate part of its towing and storage operations to one or more Temporary Storage Facilities (as defined below) during that time.
- E. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to (i) add to the scope of services As-Needed Relocation Services for Contractor to relocate to a Temporary Storage Facility; and (ii) add provisions, under which City may issue task orders for Contractor to perform these As-Needed Relocation Services.
- F. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through Request for Proposal No 2014-48, issued July 26, 2015, and this Amendment is consistent with the process.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 **Agreement.** The term “Agreement” shall mean the Agreement dated April 1, 2016, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,
Second Amendment, dated July 1, 2019,
Third Amendment, dated April 1, 2021,
Fourth Amendment, dated April 11, 2022,
Fifth Amendment, dated April 12, 2022,
Sixth Amendment, dated June 17, 2022, and
Seventh Amendment, dated November 4, 2022.

1.2 **As-Needed Relocation Services.** The term “As-Needed Relocation Services” shall mean the Services Contractor performs under task order to relocate—temporarily or for the remainder of the Agreement’s term—any of its towing and storage operations to a Temporary Storage Facility. Examples of As-Needed Relocation Services are included in Appendix A (Scope of Service), Article V (Storage and Customer Service Facilities), Section B.2.

1.3 **Temporary Storage Facility.** The term “Temporary Storage Facility” shall mean any location within the City and County of San Francisco that the City identifies as an alternative facility—either temporarily or for the remainder of the Agreement’s term—for the Primary Storage Facility.

1.4 **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 Section 3.3.1 (Payment) of the Agreement is replaced in its entirety to read as follows:

3.3.1 Payment

(a) Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, “Calculation of Charges.”

(b) Compensation shall be made for Services identified in the invoice that the SFMTA’s designee, in their sole discretion, concludes has been

satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall City be liable for interest or late charges for any late payments.

(c) Except for As-Needed Relocation Services, the breakdown of charges associated with this Agreement appears in Appendix B, “Calculation of Charges,” incorporated by reference as though fully set forth herein. The charges for As-Needed Relocation Services shall be set forth in a corresponding task order the SFMTA’s issues in accordance with Section 4.1.2.

(d) In no event shall the amount of this Agreement exceed \$121,400,000 (one hundred twenty-one million, four hundred thousand dollars).

2.2 Section 4.1 (Services Contractor Agrees to Perform) is replaced in its entirety to read as follows:

4.1 Services Contractor Agrees to Perform

4.1.1 General. Contractor agrees to perform the Services described in Appendix A. Officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Services beyond the Statement of Services described in Appendix A, unless Appendix A is modified as provided in Section 11.5, “Modification of this Agreement.”

4.1.2 Task Orders; Task Order Process. The City may issue task orders on an as-needed basis for As-Needed Relocation Services. The City will define task order requirements and City and Contractor will agree on pricing and schedule before Contractor starts work on any task order; except that City does not guarantee it will issue any task orders under the Agreement. The task order process is described, below.

(a) **Task Order Request.** The City will provide to Contractor a task order request, using the form in Exhibit 2 (Task Order Form) that includes the following: (i) the scope of Services, including any deliverables; (ii) the deadline to respond to the task order request with a task order proposal; and (iii) the expected schedule (including key milestones) to complete the task order.

(b) **Information and Data.** Upon receiving a task order request form, Contractor shall request in writing any information or data it requires to complete the corresponding task order proposal and perform the Services under the task order. City and Contractor will reach agreement as to the availability and delivery time for this data and information during initial task negotiations.

(c) Task Order Proposal. Contractor shall prepare and submit a task order proposal that includes:

(i) A work plan that includes: (1) a detailed description, by task and, if applicable, subtask, of the scope of Services to be performed under the task order; (2) the materials and equipment to be used to perform the task order; (3) and Contractor's approach to performing the Services and completing the task order.

(ii) A schedule to complete the task order, including key milestone dates to complete each task, subtask, and deliverable, as applicable.

(iii) A list of personnel, including any subcontractors, Contractor proposes to work on the task order; and, for each personnel and subcontractor, a description of the task(s) or subtask(s) they will perform.

(iv) A detailed cost estimate for each task, subtask or deliverable showing:

(1) Estimated labor hours and direct, hourly labor rates by position for both Contractor and subcontractor personnel. Labor hours for preparing monthly invoices or filling out required LBE forms, if any, will not be allowed. Contractor will manage subcontractors so additional subcontractor program-management labor hours will not be allowed. Overtime labor hours will be allowed only with prior written approval from the City. If overtime is approved, it will be billed at the billing rates listed and not at one- and one-half times the billing rate;

(2) Estimated cost of materials and equipment;

(3) Estimated reasonable out-of-pocket and other costs;

(4) Overhead rates, including salary burden costs for both Contractor and subcontractors;

(5) Proposed profit as follows: total profit mark up of each task order as fixed fee amount not to exceed 15% of total amount of the task order, regardless whether task order is being performed by Contractor, subcontractor, or combination thereof; and

(6) Proposed lump sum price for task order.

(d) Negotiation of Price and Terms. The City will review the task order proposal and negotiate with Contractor a final lump-sum price and terms. If the Parties cannot agree on terms, including price, the SFMTA may either (1) cancel the task order and have the Work accomplished through other available sources, or (2) direct Contractor to proceed with the task order on a

force-account basis, with payment to Contractor fixed at Contractor's actual, direct costs of labor, materials, and equipment to perform the task order plus a 15% markup for overhead and profit, subject to an amount not to exceed. Under no circumstances may Contractor refuse to undertake a City-ordered task.

(e) **Subcontracting Goals.** The City will review the final negotiated task order scope and schedule and determine the subcontracting or LBE goal, if any. Subcontracting or LBE goals, if any, assigned to a task order shall be tracked by the City as part of the overall goal set forth in the Agreement.

(f) **Notice to Proceed.** The City will issue and send to Contractor a written notice to proceed (NTP), task order number, and purchase order after verifying that sufficient funds are available to pay for the task order. Contractor shall not commence work under any task order until it receives a corresponding NTP and purchase order from the SFMTA. Proposer shall use this task order number when submitting invoices to the City's project manager for payment in accordance with Section 3.3.1.

(g) **Changes to Task Order Pricing.** Task order pricing shall not be modified unless there is a material change in the task order's scope of Services, in which case a new task order proposal, pricing negotiation, record of negotiations, and notice to proceed shall be required before City approves the change in pricing.

2.3 Section 4.3 (Designated Facilities) is replaced in its entirety to read as follows:

4.3 Designated Facilities. Contractor shall perform the Services required under this Agreement at the Long-term and Primary Storage Facilities and, if so requested by City, at one or more Temporary Storage Facilities, all of which shall be located on premises designated by City.

4.3.1 Long-term Storage Facility. As of the Effective Date of this Agreement, the City has designated 2650 Bayshore Boulevard, Daly City, California as the site of the Long-term Storage Facility. Contractor shall operate the Long-term Storage Facility from 2560 Bayshore Boulevard in accordance with the terms and conditions of the "2650 Bayshore License," attached as Appendix D to the Agreement (dated April 1, 2016) and incorporated by reference as though fully set forth herein. At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Long-term Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order issued under Section 4.1.2 and license agreement with terms and conditions substantially similar to the 2650 Bayshore License

4.3.2 Primary Storage Facility. As of the Effective Date of this Agreement, the City designates 450 7th Street, San Francisco, California as the site of the Primary Storage Facility. As of October 1, 2016, Contractor shall operate the Primary Storage Facility from 450 7th Street in accordance with the terms and conditions of the Revocable License to Enter and Use Property at 450 7th Street (“the 7th Street License”), attached as Appendix F to the Second Amendment and incorporated by reference as though fully set forth herein. At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Primary Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order, issued under Section 4.1.2, and license agreement with terms and conditions substantially similar to the 7th Street License.

4.3.3 Temporary Storage Facility. The parties acknowledge that on-site structural painting or other work by Caltrans at the Primary Storage Facility may require that Contractor relocate—temporarily or for the remainder of the Agreement’s term—all or part of Contractor’s towing- and storage-related operations to one or a Temporary Storage Facilities. In such case, Contractor agrees to (i) execute with the City a license agreement for the Temporary Storage Facility, which shall have terms and conditions substantially similar to the 2650 Bayshore License and 7th Street License; and (ii) relocate all or part of Contractor’s towing- and storage-related operations in accordance with a task order the City issues under Section 4.1.2, the terms of which Contractor agrees to negotiate with the City in good faith.

2.4 Appendix A (Scope of Services), Article V (Storage and Customer Service Facilities), Section B (Facility Relocation or Consolidation) is replaced in its entirety to read as follows:

B. Facility Relocation or Consolidation; As-Needed Relocation Services

1. The SFMTA, in its sole discretion, reserves the right to move the Primary Storage Facility or Long-term Storage Facility to another location, temporarily or for the remainder of the Agreement’s term, or to consolidate these facilities.

2. In the case of such a move or consolidation, and only if so requested by the SFMTA, Contractor shall perform certain As-Needed Relocation Services that may include without limitation the following:

- a) perform site preparation work (e.g., cleaning and clearing of site);
- b) electrical work and repairs;

- c) install or build and maintain on-site improvements (e.g., fencing, lighting, security cameras, waiting area canopy or tent, temporary offices and other temporary structures);
- d) install and maintain portable toilets;
- e) secure equipment for on-site towing- and storage-related operations (e.g., forklifts, forklift attachments, etc.);
- f) provide staff, including security guards, lot attendants, customer-service personnel, and cleaning personnel;
- g) move on site impounded vehicles from Primary Storage Facility;
- h) obtain insurance or other security.

The SFMTA, in its sole discretion, reserves the right to add to these As-Needed Relocation Services additional services of a similar scope as required to facilitate Contractor's move or consolidation. The scope and price for As-Needed Relocation Services shall be established on a case-by-case basis and documented in a task order. (*See task order process in Section 4.1.2*)

2.5 A revised Appendix B (Calculation of Charges) is attached to this Addendum as Exhibit 1.

2.6 A new Exhibit 2 (Task Order Form) is attached to this Addendum.

Article 3 Effective Date

Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

Article 4 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY	CONTRACTOR
San Francisco Municipal Transportation Agency 	TEGSCO, LLC
Jeffrey P. Tumlin Director of Transportation	 Frank Mecklenburg CEO
Approved as to Form:	
David Chiu City Attorney	City Supplier Number: 48588
By:  Isidro Alarcón Jiménez Deputy City Attorney	

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Exhibits:

Exhibit 1 Appendix B—Calculation of Charges (Revised)
Exhibit 2 Task Order Form

EXHIBIT 1
APPENDIX A—CALCULATION OF CHARGES (REVISED)

Monthly Management Fee:

At the beginning of each calendar month of service, Contractor shall provide an invoice to the SFMTA for the fixed monthly management fee for the same service month in the amount of \$665,356, as adjusted based on the terms of this Appendix B. Payment of the invoice shall not be made until after the service month is complete. Should tow volume increase or decrease significantly, requiring a change in staffing levels, the SFMTA and Contractor will in good faith renegotiate the fixed monthly management fee to ensure that the cost per tow to the public is not impacted.

Beginning May 1st, 2020 and for the remainder of the contract term, the monthly management fee shall otherwise owing to Contractor shall be reduced by \$39,274.00, which amount will be referred to as the “credit reduction in management fee.”

Beginning May 1st 2021 through March 31st, 2023, the monthly management fee shall be temporarily fixed at \$706,318.31. To accomplish this, a “CPI give-back” total was established and subtracted from the adjusted monthly management fee otherwise owing to Contractor during this period, as show in the table below. The CPI give-back expired March 31st, 2023, and will no longer be credited after that date.

Fixed Management Fee	May 1st, 2020	May 1st, 2021	May 1st, 2022
Monthly Management Fee	\$ 745,592.31	\$ 758,767.39	\$ 758,767.39
Credit Reduction in Management Fee	\$ (39,274.00)	\$ (39,274.00)	\$ (39,274.00)
CPI give back	\$ -	\$ (13,175.08)	\$ (35,938.10)
Net Monthly Management Fee	\$ 706,318.31	\$ 706,318.31	\$ 706,318.31

Per-Unit Fees:

Within 10 days after the end of each calendar month of service, Contractor shall provide an invoice to the SFMTA for Services completed in the immediately preceding month for the following per-unit fees, as adjusted based on the terms of this Appendix B:

Fee Type	Fee Amount
Tow fee (per vehicle towed)	\$66.55
Dolly/flatbed fee (per vehicle)	\$40.63
Transfer fee (per vehicle transferred to LSF)	\$31.05
Lien processing fee (per vehicle)	\$15.72
Auction fee (per vehicle sold)	\$73.59
Dropped Tow fee (per vehicle)	\$14.51
Text-Before-Tow Drop fee (per vehicle)*	\$38.00

* Text-Before-Tow Drop fee added by the SFMTA on May 1st, 2023.

Annual Adjustments to Fees:

Each year, on the first calendar day of the month following the anniversary of the Effective Date of the Agreement, fees listed in this Appendix B, including the fixed monthly management fee and per-unit fees, shall be adjusted either: (1) in direct proportion to the percentage increase in the current Consumer Price Index for Urban Wage Earners for the San Francisco Bay Area ("CPI") for the month immediately preceding the applicable anniversary date ("Current Index") over the CPI for the month of March 2016 ("Base Index"), or (2) by 3%, whichever is lower. If the Current Index has increased over the Base Index, the adjusted fee amount shall be calculated by multiplying the current fee amount by a fraction, the numerator of which is the Current Index and the denominator of which is the Base Index, as follows:

Current index

Base index x current fee amount = adjusted fee amount

On May 1st, 2018 and May 1st, 2023, the SFMTA increased the "Dropped Tow fee" (per vehicle) from \$14.95 to \$20.56 and \$22.76, to \$30.00, respectively, in each case by more than the annual adjustments otherwise authorized under this Appendix B. The SFMTA reserves the right to make similar increases in fees by more than the amounts otherwise authorized in the Appendix B.

As-Needed Relocation Services:

Within 10 days after the end of each calendar month of service, Contractor shall provide an invoice to the SFMTA for As-Needed Relocation Services, if any, completed in the immediately preceding month. Payment terms for said work shall be set forth in the corresponding task order issued under Section 4.2.

EXHIBIT 2

TASK ORDER FORM

San Francisco Municipal Transportation Agency

Contract No. and Title:

Task Title:

Date Initiated:

Type of Request (Check one):

New Task Order- No.:

Modification - No.: (attach approved original task order and all modifications to date)

Estimated Start Date:

Estimated Completion Date:

Project Title:

Scope of Services to be Performed:

[*Brief Description*]

Deliverables:

<u>Description</u>	<u>Date Due</u>	<u>Quantity</u>
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**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103
Ninth Amendment
Contract No. 2014-48**

THIS NINTH AMENDMENT (Amendment) is made as of April 14, 2025 in San Francisco, California, by and between TEGSCO, LLC, (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

- A. City and Contractor have entered into the Agreement (as defined below).
- B. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to increase the contract amount by \$15.3 million, for a total amount not to exceed \$136.7 million, to fund the balance of the contract term through March 2026, and update standard contractual clauses.
- C. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through a Request for Proposals (RFP), and this Amendment is consistent with the terms of the RFP and the awarded Agreement.
- D. This is a contract for Services. There is a Local Business Enterprise (LBE) subcontracting commitment of 20% and this Amendment is consistent with that requirement.
- E. The SFMTA Board of Directors approved the Agreement by Resolution 16-424, adopted on February 16, 2016; the Board of Supervisors approved the Agreement Resolution 99-16 on March 15, 2016.
- F. The SFMTA has filed Ethics Form 126f4 (Notification of Contract Approval) because this Agreement, as amended herein, has a value of \$100,000 or more in a fiscal year and required the approval of City's Board of Supervisors.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 Agreement. The term "Agreement" shall mean the Agreement dated April 1, 2016, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,

First Amendment, dated November 17, 2017,

Second Amendment, dated July 1, 2019,
Third Amendment, dated April 1, 2021,
Fourth Amendment, dated April 11, 2022,
Fifth Amendment, dated April 12, 2022,
Sixth Amendment, dated June 17, 2022,
Seventh Amendment, dated November 2022, and
Eighth Amendment, dated May 22, 2023

1.2 San Francisco Labor and Employment Code. As of January 4, 2024, San Francisco Administrative Code Chapters 21C (Miscellaneous Prevailing Wage Requirements), 12B (Nondiscrimination in Contracts), 12C (Nondiscrimination in Property Contracts), 12K (Salary History), 12P (Minimum Compensation), 12Q (Health Care Accountability), 12T (City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions), and 12U (Sweatfree Contracting) are redesignated as Articles 102 (Miscellaneous Prevailing Wage Requirements), 131 (Nondiscrimination in Contracts), 132 (Nondiscrimination in Property Contracts), 141 (Salary History), 111 (Minimum Compensation), 121 (Health Care Accountability), 142 (City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions), and 151 (Sweatfree Contracting) of the San Francisco Labor and Employment Code, respectively. Wherever this Agreement refers to San Francisco Administrative Code Chapters 21C, 12B, 12C, 12K, 12P, 12Q, 12T, and 12U, it shall be construed to mean San Francisco Labor and Employment Code Articles 102, 131, 132, 141, 111, 121, 142, and 151, respectively.

1.3 Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 Section 3.3.1 (Payment) of the Agreement is replaced in its entirety to read as follows:

3.3.1 Payment. Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, “Calculation of Charges.” Compensation shall be made for Services identified in the invoice that the SFMTA’s designee, in his or her sole discretion, concludes have been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed \$136,700,000 (One Hundred Thirty-Six Million Seven Hundred Thousand Dollars). The breakdown of charges associated with this Agreement appears in Appendix B, “Calculation of Charges,” attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments.

Article 3 Effective Date

Each of the modifications set forth in Articles 2 shall be effective on and after the date of this Amendment.

Article 4 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

[Signatures on next page.]

CITY	CONTRACTOR
<p>San Francisco Municipal Transportation Agency</p> <p></p>	<p>TEGSCO, LLC</p> <p></p>
<p>Julie Kirschbaum Acting Director of Transportation</p>	<p>Frank Mecklenburg COO</p>
<p>Authorized By:</p> <p>Municipal Transportation Agency Board of Directors</p>	<p>City Supplier Number: 48588</p>
<p>Resolution No: <u>241203-135</u></p> <p>Adopted: <u>December 3, 2024</u></p> <p>Attest: <u></u> Secretary to the Board</p>	
<p>Board of Supervisors</p> <p>Resolution No: _____</p> <p>Adopted: _____</p> <p>Attest: _____ Clerk of the Board</p>	
<p>Approved as to Form:</p> <p>David Chiu City Attorney</p> <p>By: <u></u> Isidro Jimenez Deputy City Attorney</p>	



Tenth Amendment to SFMTA Contract No.2014-48 with TEGSO LLC

The San Francisco Municipal Transportation Agency (SFMTA) proposes to approve the Tenth Amendment to SFMTA Contract No. 2014-48 with TEGSCO, LLC, for towing and storage services for abandoned and illegally parked vehicles. The Tenth Amendment would increase the contract by \$22.1 million, for a total of \$158.8 million, and extend the contract term by 15 months through June 30, 2027. Under Charter Section 9.118, the San Francisco Board of Supervisors would be required to approve the proposal due to the contract increase of more than \$500,000.

Approval Action:

San Francisco Board of Supervisors

Not a "project" under CEQA pursuant to CEQA Guidelines Sections 15060(c) and 15378(b) because the action would not result in a direct or a reasonably foreseeable indirect physical change to the environment.

Forrest Chamberlain 08/22/25

Forrest Chamberlain Date
San Francisco Municipal Transportation Agency

Sherie George 08/22/25

Sherie George Date
San Francisco Planning Department

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS**

RESOLUTION No. 16-024

WHEREAS, The SFMTA is responsible for efficiently controlling and removing illegally parked and abandoned vehicles to maximize on-street parking, manage traffic congestion and maintain clean, safe and functional streets for the public's use; and,

WHEREAS, Towing is mostly driven by safety requirements and in response to public requests for blocked driveways; and,

WHEREAS, Services have been contracted out for towing, storage and lien sale support since 1987; and,

WHEREAS, On July 31, 2005, the SFMTA executed Contract No. 2013-45 with AutoReturn to manage towing, storage and lien sales for abandoned and illegally-parked vehicles in San Francisco; and,

WHEREAS, The Contract's term was for five years, and two extension were granted – one for five years and one for eight months – with the contract set to expire on March 31, 2016; and,

WHEREAS, AutoReturn has performed their contractual obligations under the current agreement to the satisfaction of the SFMTA through successful technological improvements and integrations with other agency software; and, these improvements have enabled the SFMTA to redirect enforcement labor to other transportation commitments, such as safety and other customer activities; and,

WHEREAS, The SFMTA released a Request for Proposals (RFP) on June 19, 2015 to conduct a competitive procurement process to award a new agreement; and,

WHEREAS, Three proposers submitted proposals in the SFMTA's competitive bid process: San Francisco AutoReturn, AutoSafe, and All Counties Towing; and,

WHEREAS, AutoReturn, the incumbent contractor, was selected as the highest-ranked proposer; and,

WHEREAS, The local business enterprise goal for the new agreement was raised from 12% to 20% to encourage participation from local businesses; and,

WHEREAS, Staff has improved the business model under the proposed contract because the existing business model is dependent on tow volume; and, if volume decreases, as it did from approximately 71,000 tows in 2005 to 42,000 tows in 2015, the contractor may be unable to meet operating expenses; and,

WHEREAS, Under the proposed Contract, the contractor will collect all fees associated with towing, storage, sale and release of vehicles on behalf of the SFMTA. The SFMTA will reimburse the contractor for services through a monthly management fee and variable per vehicle fees for towing, transfer, and lien/auction expenses, which will improve cost control, service oversight, and fee setting; and,

WHEREAS, After a thorough analysis of all costs related to the towing program, the proposed administrative and base tow fees will be reduced by \$22.25, or 5%, compared to the current fee; and,

WHEREAS, The administrative fee, tow fee, and 48-hour storage fee waivers, applied to San Francisco residents, who's vehicles are stolen, will be extended to non-residents, which reduces revenue to this program by approximately \$1.2 million annually; and,

WHEREAS, Pursuant to Charter Section 16.112 and Section 10 of the SFMTA Board's Rules of Order, advertisements were placed in the City's official newspaper, the San Francisco Chronicle, to provide published notice of the February 16, 2016 hearing, and the notices ran for five consecutive days beginning on January 25, 2016; and,

WHEREAS, The SFMTA, under authority delegated by the Planning Department, has determined that the proposed customer fee schedule and extension of stolen vehicle waivers is statutorily exempt from environmental review pursuant to California Public Resources Code section 21080(b)(8) and CEQA implementing guidelines; and,

WHEREAS, The proposed fee are for the purpose of meeting operating expenses and to ensure adequate funds are available for transit funds; and,

WHEREAS, Payment for all aspects of the tow program will be recovered from fees, therefore having no impact on SFMTA's operational budget; and,

WHEREAS, Said CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by this reference; now, therefore, be it

RESOLVED, The San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to execute Contract No. SFMTA 2014-48, with TEGSCO, LLC., dba San Francisco AutoReturn, for the Towing and Storage of Abandoned and Illegally-Parked Vehicles in an amount not-to-exceed \$65.4 million, for a five-year term ending March 31, 2021, with the option to extend for up to five years; and, be it further

RESOLVED, The SFMTA Board authorizes the Director of Transportation to execute the Bayshore License Agreement for a five-year term ending March 31, 2021, with the option to extend for up to five years; and, be it further

RESOLVED, The SFMTA Board recommends this Towing Agreement and Bayshore License to the Board of Supervisors for its review and approval; and, be it further

RESOLVED, The San Francisco Municipal Transportation Agency Board of Directors amends Transportation Code, Division II, Section 305 to incorporate customer towing, storage, auction and related fees and to extend San Francisco resident waiver provisions to Non-San Francisco residents.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of February 16, 2016.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

[Transportation Code – Tow Fees]

Resolution amending the Transportation Code to change the administrative fee and to set the other fees to be charged by the SFMTA in connection with the tow, storage, sale, and release of vehicles towed by the City, and to grant to non-residents the same fee waivers granted to City residents when a stolen vehicle is towed.

NOTE: Additions are single-underline Times New Roman; deletions are ~~strike through~~ Times New Roman.

The Municipal Transportation Agency Board of Directors of the City and County of San Francisco enacts the following regulations:

Section 1. Article 300 of Division II of the Transportation Code is hereby revised by amending Section 305, to read as follows:

SEC. 305. TOWING AND STORAGE FEES.

(a) Fees.

(1) The SFMTA shall charge the owner of a towed vehicle the following a fees in ~~its administrative costs related to the removal, storage, impound, sale, or release of~~ the amount of \$263.00 effective July 1, 2014, and \$266.00 effective July 1, 2015, to reimburse the City for the removal, storage, impound, sale, or release of vehicles towed from the public right-of-way, public property, or private property:

Fee Type	Fee Amount
<u>SFMTA Administrative Fee</u>	<u>\$261.00</u>

Tow Fees

<u>Fee Type</u>	<u>Fee Amount</u>
<u>Passenger Vehicles Under 10,000 GVW (e.g. cars, light duty trucks, passenger vehicles w/ trailers, unattached trailers, motorcycles and scooters) - Up to 1 Hour</u>	<u>\$208.00</u>
<u>Each Additional 1/4 Hour Labor Required</u>	<u>\$48.50</u>
<u>Medium Duty Vehicles Over 10,000 GVW (e.g. trucks, buses and unattached trailers) - Up to 1 Hour</u>	<u>\$265.00</u>
<u>Each Additional 1/4 Hour Labor Required</u>	<u>\$60.25</u>
<u>Heavy Duty Vehicles Over 26,000 GVW (e.g. buses, tractor trucks and/or trailers) - Up to 1 Hour</u>	<u>\$419.50</u>
<u>Each Additional 1/4 Hour Labor Required</u>	<u>\$73.25</u>
<u>Flat Bed or Dolly Fee</u>	<u>\$50.50</u>

<u>Storage Fees</u> <u>(waived if vehicle is picked up within four hours of arrival at storage facility)</u>	<u>Day 1 Fee</u>	<u>Additional Per Day Fee</u>
<u>Storage Fee - Motorcycle</u>	<u>\$22.25</u>	<u>\$26.00</u>
<u>Storage Fee - Light/Regular Duty Vehicles</u>	<u>\$58.50</u>	<u>\$68.25</u>
<u>Storage Fee - Medium Duty Vehicles</u>	<u>\$85.75</u>	<u>\$93.75</u>
<u>Storage Fee - Heavy Duty Vehicles</u>	<u>\$138.00</u>	<u>\$138.00</u>

Vehicle Transfer Fees

(vehicles transferred to long-term storage facility after 48 hours at primary storage facility)

<u>Fee Type</u>	<u>Fee Amount</u>
<u>Passenger/Light Duty Vehicles</u>	<u>\$27.75</u>
<u>Medium Duty Vehicles</u>	<u>\$113.75</u>
<u>Heavy Duty Vehicles</u>	<u>\$183.75</u>

Tow-Back Fees

(Contractor will, upon request, tow vehicle to Customer's location after all fees are paid)

<u>Fee Type</u>	<u>Fee Amount</u>
<u>Tow-back service for passenger cars, motorcycles, and scooters (per vehicle) towed within the City and County of San Francisco (passenger/light duty only)</u>	<u>\$95.00</u>
<u>Additional per-mile fee for any portion of tow-back occurring outside the limits of the City</u>	<u>\$9.50</u>

Lien Fees

<u>Fee Type</u>	<u>Fee Amount</u>
<u>Vehicles valued at \$4000 or less</u>	<u>\$35.00</u>
<u>Vehicles valued at more than \$4000</u>	<u>\$50.00</u>

(2) The SFMTA shall charge the purchaser of a towed vehicle sold at a lien sale the following fees related to the sale:

Auction Sales Service Fee (based on vehicle sale amount)

<u>Fee Type</u>	<u>Fee Amount</u>
<u>\$0 - \$249.99</u>	<u>No charge</u>
<u>\$250 - \$499.99</u>	<u>\$110.00</u>
<u>\$500 - \$999.99</u>	<u>\$140.00</u>
<u>\$1,000 - \$1,499.99</u>	<u>\$185.00</u>
<u>\$1,500 - \$1,999.99</u>	<u>\$240.00</u>
<u>\$2,000 - \$2,499.99</u>	<u>\$300.00</u>
<u>\$2,500 - \$4,999.99</u>	<u>\$380.00</u>
<u>\$5,000 and above</u>	<u>\$635.00</u>

~~In addition, the SFMTA shall charge the vehicle owner a fee to reimburse the City for administrative costs related to the storage of such towed vehicles in the amount of \$2.75 effective July 1, 2014, and \$3.00 effective July 1, 2015, for the first day of storage (24 hours or less), and \$3.25 effective July 1, 2014, and \$3.50 effective July 1, 2015, for each day, or part thereof, that the vehicle remains in storage~~

after the first 24 hours. The administrative fees imposed pursuant to this subsection (a) shall be in addition to the fee charged by a tow car operator to the owner of a towed vehicle for the costs of towing and storing the vehicle. The administrative fees imposed pursuant to this subsection shall not be taken into account in determining the maximum fee that may lawfully be charged by the tow car operator to the owner of a removed vehicle, nor shall the administrative fees imposed pursuant to this subsection be taken into account in determining whether a fee charged by the tow car operator to the owner of a removed vehicle is excessive as a matter of law.

(b) Reimbursement and Waiver of Towing and Storage Fees.

(1) ~~Except as provided in subsection (c), below, any~~Any fees imposed or authorized under subsection (a) by the SFMTA in connection with the tow, storage, or lien of vehicles towed from the public right-of-way, public property, or private property towing or storage of vehicles, or the amount charged for removal of components of a vehicle, may be waived for, or reimbursed to, the registered or legal owner of the vehicle if the fees were incurred:

(A) Because the vehicle was towed or stored by order of the San Francisco Police Department to examine the vehicle for evidence of a crime;

(B) Because the vehicle was towed and stored by order of the San Francisco Police Department or the SFMTA and said towing or storage was not authorized by state or local law;

(C) Because the San Francisco Police Department or the SFMTA erroneously reported, filed, or recorded the circumstances of the towing or storage of the vehicle; or

(D) Because the vehicle was towed or stored by order of the San Francisco Police Department or the SFMTA for removal of components of the vehicle, which components were placed on the vehicle in violation of Section 10751 of the Vehicle Code.

(2) Upon verifiable proof that the vehicle was reported stolen before it was towed, or upon a determination by the San Francisco Police Department that the vehicle was stolen, and if the vehicle owner is an individual, the SFMTA shall waive, if the vehicle owner is an individual, for, or reimburse to, the registered or legal owner:

- (A) All of it's-The tow fees, storage fees, administrative, tow, vehicle transfer, and lien fee, tow fees, related to the removal, impound, or release of the vehicle established in subsection (a), above; and (see subsection (a), above) if the vehicle owner is a San Francisco resident, and 50% of such fee if the vehicle owner is a non resident;
- (B) Its administrative fee related to the storage of the towed vehicle (see subsection (a), above);
- (C) The City Contractor's fees related to the removal, impound, or release of the towed vehicle; and
- (D) The City Contractor's storage fees that would otherwise accrue during the first 48 hours that the vehicle is stored, established in subsection (a), above if the vehicle owner is a San Francisco resident, and the Contractor's storage fees that would otherwise accrue during the first 24 hours that the towed vehicle is stored if the vehicle owner is a non resident.

(c) **Indigent Owner.**

(1) Should the owner of the vehicle or one in lawful possession sign an affidavit, under penalty of perjury, that said person is indigent and does not immediately have the funds to pay the accrued fees related to the tow, storage, or lien of the vehicle, towing, storage, or removal of component fee, the Director of the SFMTA or his or her designee shall immediately make such investigation as necessary to ascertain if said indigent person is entitled to immediate possession of his or her vehicle without the payment of the fees incurred for towing, storage, or removal of component parts of said vehicle.

(2) Should the Director of the SFMTA or his or her designee, after an investigation, decide that the towing, or storage, or removal of the component parts of a vehicle comes within the provisions of subsections (b)(1) or (2), above, and the owner of the vehicle or one in lawful possession signs an affidavit of indigency, the Director of the SFMTA shall issue a waiver directed to the person, firm or corporation having custody of the vehicle. Said affidavit shall be on a form approved by the Director of the SFMTA.

(3) Upon presentation of this waiver to the person, firm, or corporation having custody of the vehicle, the vehicle shall be repossessed by the person presenting the waiver, without further payment.

(4) The person, firm, or corporation receiving the waiver may present the waiver to the office of the SFMTA designated by its Director for payment of the fees stated on the waiver.

(d) Prohibition on Waiver and Reimbursement of Towing and Storage Fees.

No reimbursement or waiver shall be made to the registered or legal owner of a vehicle pursuant to the provisions of subsection (b)(1) or (2), above, if:

(1) The owner or person in lawful possession of the vehicle is chargeable with violation of any law of the City and County of San Francisco, the State of California, or the United States, and said charge relates to the towing and storage of the vehicle or the removal of component parts thereof; or

(2) Reimbursement or waiver is requested pursuant to subsections (b)(1)(B) or (b)(1)(C), above, and the City's error in ordering, reporting, filing, or recording the tow is attributable, in part, to the conduct of the registered owner, legal owner, or one in lawful possession of the vehicle; or

(3) The registered or legal owner of the vehicle, including a firm or corporation that owns vehicles used for commercial purposes, cannot show evidence of

financial responsibility for said vehicle as required by Section 16020 of the California Vehicle Code.

(e) Application for Reimbursement or Waiver.

(1) Requests for reimbursement or waiver must be presented to the Director of the SFMTA or his or her designee, on a form provided therefor, within 30 days of the date of the tow of the vehicle. The Director, or his or her designee, may, in his or her sole discretion, extend this deadline for good cause shown.

(2) Requests for reimbursement or waiver shall be itemized, describing all circumstances known to the requesting party. The Director of the SFMTA or his or her designee may request such additional information as necessary to determine the legitimacy of the request for reimbursement or waiver.

(3) All requests for reimbursement or waiver shall be made under penalty of perjury.

(4) The amount of the requested reimbursement or waiver shall not exceed the actual fees charged to the individual or entity requesting reimbursement or waiver.

(f) Prosecution of Person Responsible. No request for reimbursement or waiver shall be considered by the Director of the SFMTA or his or her designee unless and until the person requesting reimbursement or waiver agrees in writing that said person will fully cooperate in the investigation or prosecution of any person or persons responsible for any violation of law giving rise to the request for reimbursement or waiver.

(g) Subrogation. Whenever reimbursement or waiver is made pursuant to this Section 305, the City and County of San Francisco is subrogated to all rights and privileges, at law or equity, of the person, or his or her heirs or assigns, to whom payment was made to recover any monies, from any source whatsoever, due to the person requesting reimbursement or waiver arising from the activity that caused the fees to be incurred.

(h) **Procedures.** The Director of Transportation may establish such procedures as he or she deems appropriate to facilitate the waiver and reimbursement of towing and storage fees in accordance with this Section 305.

Section 2. Effective and Operative Dates. This ordinance shall become effective 31 days after enactment. Enactment occurs when the San Francisco Municipal Transportation Agency Board of Directors approves this ordinance. This ordinance shall become operative on April 1, 2016.

Section 3. Scope of Ordinance. In enacting this ordinance, the San Francisco Municipal Transportation Agency Board of Directors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the Transportation Code that are explicitly shown in this ordinance as additions or deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Mariam M. Morley
Deputy City Attorney

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of February 16, 2016.

R.Boone

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 200216-023

WHEREAS, The SFMTA is responsible for efficiently controlling and removing illegally parked and abandoned vehicles to maximize on-street parking, manage traffic congestion and maintain clean, safe and functional streets for the public's use; and,

WHEREAS, On April 1, 2016, the SFMTA executed Contract No. 2014-48 with San Francisco AutoReturn (Contractor) to manage towing operations on behalf of the SFMTA and the San Francisco Police Department, release towed vehicles to their owners upon payment of relevant fees, and dispose (through lien sale auction) vehicles not retrieved by their owners; and,

WHEREAS, At the time of contract award, the Board of Supervisors (Resolution 0099-16) and the SFMTA Board (Resolution 16-024) authorized the Director of Transportation to execute the five-year agreement and the option to extend for up to five years; and,

WHEREAS, The proposed extension includes a negotiated 6.35% reduction in the management fee and a 21.6% reduction in the auction fee, totaling approximately \$532,000 over the first two years of the Agreement; and,

WHEREAS, Funding for the extension years was not requested at the time of contract award and is now needed to exercise the extension option; and,

WHEREAS, Since the COVID-19 pandemic has resulted in uncertainty in predicting long-term budget needs, staff recommends requesting funds for the next two contract years only, for \$23.2 million; and,

WHEREAS, The funding reduction will give the SFMTA time to assess how COVID-19 has impacted pre-pandemic towing program practices, and to re-evaluate program policies and funding needs as the City emerges from sustained Shelter-In-Place conditions during the pandemic; and,

WHEREAS, Before the end of the first two years of the extended term (March 31, 2023), the SFMTA will return the SFMTA Board and the Board of Supervisors to request funding to pay for the remainder of the extension term under a separate amendment to the Towing Agreement; and,

WHEREAS, Contractor continues to meet or exceed operational and customer service requirements, with job stability and benefits to 58 employees (including 20 operating under a collective bargaining agreement with Teamsters Local 665); and,

WHEREAS, Collaborations between the SFMTA, the Board of Supervisors and the San Francisco Office of Homelessness and Supportive Housing have resulted in reductions in the SFMTA's Administrative Fees for certified low-income towed vehicles as well as reductions in Tow Operator Fees for low-income vehicle owners and renters; one-time tow fee waivers for

vehicle owners certified as experiencing homelessness; and an extended 14-day grace period before vehicle storage fees begin to accrue; and,

WHEREAS, On January 21, 2021, the SFMTA, under authority delegated by the Planning Department, determined that the Two-year Funding of the SFMTA Contract No. 2014-48 Five-year Extension is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, Said CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by this reference; and,

WHEREAS, Any amendment that seeks to increase the contract amount by more than \$500,000 requires approval of the Board of Supervisors under Section 9.118 of the San Francisco Charter; now, therefore, be it

RESOLVED, The SFMTA Board of Directors authorizes the Director of Transportation to execute the Third Amendment to SFMTA Contract No. 2014-48, Towing and Storage of Abandoned and Illegally Parked Vehicles, with TEGSCO, LLC. (doing business as San Francisco AutoReturn), to increase the contract amount by \$23.2 million for the first two years of the extension for a total contract amount not to exceed \$88.6 million and, to extend the Agreement for five years, and be it

FURTHER RESOLVED, that the SFMTA Board authorizes the Director of Transportation to seek approval of the Third Amendment from the Board of Supervisors.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of February 16, 2021.

Caroline Celaya
Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 220906-082

WHEREAS, In 2016, the SFMTA executed Contract No. 2014-48 (Contract) with TEGSCO, LLC (Contractor) for towing and storage of abandoned and illegally parked vehicles in the City; the Contract was for an initial amount of \$65.4 million and an initial term of five years with the option to extend for an additional five years; and

WHEREAS, There have been six amendments to the Contract, including a Third Amendment in 2021 to exercise the option to extend the contract term for five years, ending March 31, 2026, and increase the contract amount by \$22.8 million, to \$88.2 million, to pay for the first two years of the extended term; and

WHEREAS, At the time of the Third Amendment, staff did not seek funding for the entire five-year extended term; funding was requested only for the first two years to ensure continued operation of the City's towing program during the COVID19 emergency and to provide time to assess program policies and funding as the City emerges from pandemic conditions; and

WHEREAS, At the time of the Third Amendment, staff informed the SFMTA Board they would seek funding for the last three years of the extended term under a subsequent amendment (the Seventh Amendment); and

WHEREAS, As the City emerges from pandemic conditions, tow volume and corresponding costs have increased faster than projected, leaving a shortfall of \$7 million to fund the remainder of the second year of the extended term; and

WHEREAS, On August 23, 2022, the SFMTA, under authority delegated by the Planning Department, determined the Seventh Amendment to SFMTA Contract No. 2014-48 is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; now, therefore, be it

RESOLVED, Staff recommends the SFMTA Board of Directors authorize the Director of Transportation to execute the Seventh Amendment to SFMTA Contract No. 2014-48, for Towing and Storage of Abandoned and Illegally Parked Vehicles, with TEGSCO, LLC., to increase the contract amount by amount by \$49 million for a total amount not to exceed \$137.2 million; and, be it further

RESOLVED, That the SFMTA Board authorizes the Director of Transportation to seek approval of the Seventh Amendment from the Board of Supervisors.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 6, 2022.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 241203-135

WHEREAS, In 2016, the SFMTA executed Contract No. 2014-48 (Contract) with TEGSCO, LLC. (TEGSCO), for towing and storage services for abandoned and illegally parked vehicles in San Francisco; the Contract was for an initial amount of \$65.4 million and an initial term of five years with the option to extend for an additional five years; spending authority for the extension was not originally obtained; and

WHEREAS, Towing operations are essential to maintaining available legal parking spaces, supporting smooth traffic and transit flow, and assisting the San Francisco Police Department with the handling of vehicles involved in traffic incidents and criminal activities; and

WHEREAS, Since the Contract was initially approved, eight amendments have been made, each designed to support the effective operation of the City's towing program and to address its evolving needs; and

WHEREAS, The First Amendment (2016) added a license agreement between TEGSCO and the SFMTA for TEGSCO's use of the property at 7th and Harrison streets, designating it as the primary storage facility under the Contract; and

WHEREAS, The First Amendment (2017), revised procedures for SFPD investigative holds; and

WHEREAS, The Second Amendment modified certain service requirements to enhance the efficiency of towing operations; and

WHEREAS, The Third Amendment exercised the five-year extension option, extending the contract term through March 31, 2026, and increasing the contract amount by \$22.8 million, for a new total of \$88.2 million, to support the first two years of the extension; spending authority for the remaining three years was deferred due to the COVID-19 emergency and to allow time for reassessment of the City's towing policy and funding needs as it recovered from the pandemic; and

WHEREAS, The Fourth Amendment memorialized that TEGSCO stopped using the DBA name "San Francisco AutoReturn" and began using its legal name, TEGSCO, LLC, within San Francisco; and

WHEREAS, The Fifth Amendment granted TEGSCO access to the City's confidential database to verify the eligibility of tow customers for fee reductions and waivers under the SFMTA's income-based tow fee-reduction and fee-waiver programs; and

WHEREAS, The Sixth Amendment provided the SFMTA with the option to use an internet-based auction platform as an alternative or supplement to live, in-person auctions; and

WHEREAS, The Seventh Amendment increased the contract amount to \$121.4 million, providing contract authority to cover the extended term through March 2025; Staff committed to providing updates to the Board of Supervisors' Budget and Finance Committee on program progress and policy reassessment, with plans to seek final-year funding afterward; and

WHEREAS, The Eighth Amendment provided for the temporary relocation of TEGSCO's primary storage facility to accommodate Caltrans' structural painting and other necessary work at its property located at 7th and Harrison streets, which TEGSCO uses under license from the SFMTA as the main storage facility for the Contract; and

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

WHEREAS, The Ninth Amendment would increase the contract amount by \$17.0 million, for a total of \$138.4 million, to support the Contract through the final year of its extended term, March 2026; and

WHEREAS, Under Section 9.118, Board of Supervisors' approval is required due to the increase of more than \$500,000; and

WHEREAS, On November 1, 2024 the SFMTA, under authority delegated by the Planning Department, determined the Ninth Amendment to SFMTA Contract No. 2014-48 is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute the Ninth Amendment to SFMTA Contract No. 2014-48 with TEGSCO, LLC., for towing and storage services for abandoned and illegally parked vehicles, increasing the contract amount by \$17.0 million, for a total amount not to exceed \$138.4 million, to support spending for the balance of the contract term through March 2026; and, be it further

RESOLVED, That the SFMTA Board of Directors recommends approval of this Ninth Amendment by the Board of Supervisors pursuant to Charter Section 9.118.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of December 3, 2024.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 251007-093

WHEREAS, In 2016, the SFMTA executed Contract No. 2014-48 (Contract) with TEGSCO, LLC. (TEGSCO), for towing and storage services for abandoned and illegally parked vehicles in San Francisco; the Contract was for an initial amount of \$65.4 million and an initial term of five years with the option to extend for an additional five years; spending authority for the extension was not originally obtained; and,

WHEREAS, Towing operations are essential to maintain available legal parking spaces, support smooth traffic and transit flow, and assist the San Francisco Police Department in handling vehicles involved in traffic incidents and criminal activities; and,

WHEREAS, Since the Contract was initially approved, 10 amendments have been made, each to ensure the effective operation of the City's towing program and address its evolving needs; and,

WHEREAS, The first two amendments were each labeled the "First Amendment"; the First Amendment (2016) added the "7th Street License" between TEGSCO and the SFMTA for TEGSCO's use of the property at 450 7th Street—which the SFMTA leases from the California Department of Transportation (Caltrans)—as the "Primary Storage Facility" under the Contract, and the First Amendment (2017) revised procedures for SFPD investigative holds; and,

WHEREAS, The Second Amendment (2019) modified certain service requirements to enhance the efficiency of towing operations; and,

WHEREAS, The Third Amendment (2021) exercised the five-year extension option, extending the contract term through March 31, 2026, and increased the contract amount by \$22.8 million, for a total not-to-exceed amount of \$88.2 million, to fund the first two years of the extension; funding for the remaining three years of the extended term was deferred due to the COVID-19 emergency to allow time to reassess the City's towing policy and funding needs as it recovered from the pandemic; and,

WHEREAS, The Fourth Amendment (2021) memorialized that TEGSCO stopped using the DBA name "San Francisco AutoReturn" and began using its legal name, TEGSCO, LLC, within San Francisco; and,

WHEREAS, The Fifth Amendment (2022) granted TEGSCO access to the City's confidential database to verify the eligibility of tow customers for fee reductions and waivers under the SFMTA's income-based tow fee-reduction and fee-waiver programs; and,

WHEREAS, The Sixth Amendment (2022) provided the SFMTA with the option to use an internet-based auction platform as an alternative or supplement to live, in-person auctions; and,

WHEREAS, The Seventh Amendment (2023) increased the contract amount by \$33.2 million, for a total not-to-exceed amount of \$121.4 million, to fund the extended term through March 2025; staff committed to providing updates to the Board of Supervisors' Budget and Finance Committee on program progress and policy reassessment, with plans to seek final-year funding afterward; and,

WHEREAS, The Eighth Amendment (2023) provided for the temporary relocation of the Primary Storage Facility from its location at 450 7th Street to accommodate Caltrans' structural painting project and other necessary work at the property; and,

WHEREAS, The Ninth Amendment (2025) increased the contract amount by \$15.3 million, for a total not-to-exceed amount of \$136.7 million, to fund the extended term through March 2026; and,

WHEREAS, On November 11, 2024, Caltrans notified the SFMTA of revised insurance requirements for continued use of the 7th Street site as the Primary Storage Facility, increasing the general liability coverage (including umbrella) from \$5 million to \$20 million, as part of a broader shift in Caltrans' leasing practices following a fatal accident on Caltrans-owned property in Los Angeles; and,

WHEREAS, On June 24, 2025, the SFMTA and TEGSCO amended the 7th Street License to incorporate these new Caltrans-imposed insurance terms, with TEGSCO responsible for obtaining and maintaining the increased coverage; and,

WHEREAS, TEGSCO estimated the cost of the additional coverage at approximately \$200,000 per year, and added costs are only passed on in subsequent years after updated cost-recovery calculations are completed; and,

WHEREAS, To ensure uninterrupted tow operations at this critical facility and avoid exposing TEGSCO to unanticipated costs beyond the original contract scope, the SFMTA determined it would reimburse TEGSCO for these additional insurance expenses, reflecting the agency's role as lessee of the property and its commitment to maintaining stable, compliant operations under lease terms imposed by the State that neither the SFMTA nor TEGSCO could have reasonably anticipated at the time the contract was awarded; and,

WHEREAS, The tow program is limited by cost-recovery laws to charging owners of towed vehicles no more than the actual cost to the SFMTA; in recent years, because of both increased costs and the implementation of several waiver programs, the SFMTA is not recouping all program costs but is rather spending about \$8 million to run the tow program; and,

WHEREAS, To allow time to fully explore various cost-saving options, staff proposed extending the contract by up to 15 months to explore a cost-saving solicitation for the next contract; and,

WHEREAS, The proposed Tenth Amendment would increase the contract amount by \$22.1 million, for a total not-to-exceed amount of \$158.8 million, to fund the extended term and cover higher insurance costs that Caltrans imposed on the SFMTA's lease for the Primary Storage Facility; and,

WHEREAS, Given current SFMTA budget challenges, TEGSCO agreed to waive—during the extended term—annual cost-of-living adjustments (COLA) provided for in the Contract; should the current Contract stay in place for the full, potential extended term of 15 months, the COLA waiver will save the agency \$471,000; and,

WHEREAS, Under Section 9.118, Board of Supervisors' approval is required due to the increase of more than \$500,000; and,

WHEREAS, On August 22, 2025, the SFMTA, under authority delegated by the Planning Department, determined the Tenth Amendment to SFMTA Contract No. 2014-48 is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it

RESOLVED, that the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to execute the Tenth Amendment to SFMTA Contract No. 2014-48 with TEGSCO, LLC, for towing and storage services for abandoned and illegally parked vehicles, to extend the term by nine months with up to six additional one-month extensions through June 30, 2027, and to increase the contract amount by \$22.1 million, for a total not-to-exceed amount of \$158.8 million, to fund the extended term, subject to approval by the Board of Supervisors under Charter Section 9.118; and, be it further

RESOLVED, that the San Francisco Municipal Transportation Agency Board of Directors recommends that the Board of Supervisors approve the Tenth Amendment pursuant to that authority.

I certify that the foregoing resolution was adopted by the SFMTA Board of Directors at its meeting of October 7, 2025.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102
 Phone: 415.252.3100 . Fax: 415.252.3112
ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 251206

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)
 A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING <i>(for amendment only)</i>
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Rob Malone	415-646-4528
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MTA	rob.malone@sfmta.com

5. CONTRACTOR	
NAME OF CONTRACTOR TEGSCO, LLC	TELEPHONE NUMBER 317-448-0845
STREET ADDRESS (including City, State and Zip Code) 2650 Bayshore Blvd. Daly City, CA 94014	EMAIL fmecklenburg@vmsolutions.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 251206
DESCRIPTION OF AMOUNT OF CONTRACT \$158,800,000		
NATURE OF THE CONTRACT (Please describe) The Tenth Amendment to the MTA contract with TEGSCO will add 15 months to the contract term and \$22.1 million to the contract's spending authority. This will increase total contract spending authority to \$158.8 million. The time extension is required to allow SFMTA to complete a robust RFP development and solicitation process that will lead to a new, long-term contract with a towing and storage vendor.		

7. COMMENTS	

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Mecklenburg	Frank	CEO
2	Abrams Towing		Subcontractor
3	Auto Towing		Subcontractor
4	Bill Wren's Towing & Recov		Subcontractor
5	GD Towing Auto Service		Subcontractor
6	GE Towing Service		Subcontractor
7	Jose Towing, LLC		Subcontractor
8	Larry's Towing, Inc.		Subcontractor
9	Lombard Towing		Subcontractor
10	Polanco's Towing Service		Subcontractor
11	A & J Towing		Subcontractor
12	Atlantis Towing Inc.		Subcontractor
13	Atlas Towing		Subcontractor
14	Auto Express Tow		Subcontractor
15	B&A Body Works/Towing Inc.		Subcontractor
16	Baybridge Towing, Inc.		Subcontractor
17	Best Towing		Subcontractor
18	Blue Water Towing & Auto S		Subcontractor
19	Golden Gate Tow Inc.		Subcontractor

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Nelson's A Towing		Subcontractor
21	Sideline Towing		Subcontractor
22	SF Tow LLC		Subcontractor
23	Charles Tow Service		Subcontractor
24	Cal Bay Protective Service		Subcontractor
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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47			
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50			
<input type="checkbox"/>	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	



Daniel Lurie, Mayor

Janet Tarlov, Chair
Stephanie Cajina, Vice Chair
Mike Chen, Director
Alfonso Felder, Director

Steve Heminger, Director
Dominica Henderson, Director
Fiona Hinze, Director

Julie Kirschbaum, Director of Transportation

December 12, 2025

**The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102**

***Subject: Request for Approval – Tenth Amendment to Contract No. 2014-48 with
TEGSCO, LLC for Towing and Storage Services for Abandoned and Illegally
Parked Vehicles for \$22,800,000***

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors authorize the Director of Transportation to execute the Tenth Amendment to Contract No. 2014-43 with TEGSCO, LLC for towing and storage for abandoned and illegally parked vehicles. The proposed Tenth Amendment would add \$22.8 million to the contract's not-to-exceed amount, for an amended total not-to-exceed amount of \$158.8 million, and it would add 15 months to the contract term, for an amended contract term of 11 years and three months.

The term extension is necessary to allow staff sufficient time to conduct a revised competitive solicitation process focused on reducing costs and improving efficiency in the City's tow program.

BACKGROUND

Tow Program Background

The City's towing program is essential to public safety and traffic management. It helps clear vehicles involved in crashes and crimes, removes abandoned or illegally parked vehicles, and addresses other hazards that block streets or disrupt transit operations.

State law limits what local agencies can charge for towing and related services, requiring programs to operate on a cost-recovery basis. In compliance with these provisions, the SFMTA structures its towing program to recover actual costs, including enforcement, storage, contract administration, and other program expenses. In recent years, because of both increased costs and the implementation of several waiver programs, the agency is not recouping all program costs but is rather spending about \$8 million to run the tow program.

Recent vendor contracts for towing services have included costs split into two buckets: 1) a fixed monthly fee for management, customer-service staffing, IT services and software licenses, back-office staff, etc. and 2) variable, per-tow fees, that fluctuate month-to-month based on the actual number of tows conducted. This is different than prior contracts where management and overhead costs were rolled up within a per-tow fee. The current structure is preferred because it removed an incentive whereby the vendor made more money the more vehicles they towed.

In addition to the contract-format change, the agency has adopted other customer-friendly policies and procedures, including the text-before-tow program and fee waiver for vehicles towed for the first time. To reduce financial barriers for low-income and unhoused vehicle owners, the SFMTA's tow program offers fee reductions and waivers. While these policies promote customer service and improve access and fairness, they also limit the program's ability to fully recover its costs. Over the last two fiscal years, running the tow program has cost the agency \$8 to \$9 million annually.

Contract with TEGSCO, LLC and Facility Operations

TEGSCO, LLC (TEGSCO) operates the City's tow and storage services for illegally parked and abandoned vehicles under SFMTA Contract No. 2014-48, which was awarded in April 2016 through SFMTA Board Resolution No. 16-024 and Board of Supervisors Resolution No. 99-16.

Through this contract, TEGSCO supports the SFMTA, San Francisco Police Department (SFPD), and Department of Public Health by removing vehicles involved in crimes, crashes, and other hazardous situations, and by towing and storing abandoned and illegally parked vehicles.

TEGSCO oversees a network of subcontracted tow operators and coordinates towing services citywide. It manages customer service, payments, lien sales for unclaimed vehicles, and vehicle retrievals. In FY2025, TEGSCO's subcontractors towed about 38,744 vehicles.

TEGSCO operates two key facilities under license agreements with the SFMTA: the Primary Storage Facility at 450 7th Street, which includes a 24/7 customer service center, and the Long-Term Storage Facility at 2650 Bayshore Boulevard, which offers full service to customers 8 am – 5 pm on weekdays and coordinates vehicle releases 24/7. The SFMTA leases both properties from third-party landlords and grants TEGSCO license rights for their use, as required under the contract.

The Primary Storage Facility at 450 7th Street is located on property owned by the State of California, acting through its Department of Transportation (Caltrans). On October 1, 2016, the City, as tenant, entered an SF Parking Airspace Lease with Caltrans to use this site. That same day, the SFMTA granted TEGSCO a Revocable License to Enter and Use Property (7th Street License), requiring TEGSCO to operate the Primary Storage Facility under the contract. The tow program also uses an annex to the Primary Storage Facility located on Port of San Francisco

property at Pier 68, which supports storage needs of the City's new large vehicle buyback program. The SFMTA, as tenant, entered a Memorandum of Understanding with the Port regarding usage of the Pier 68 location, and the SFMTA subsequently granted TEGSCO a Revocable License to Enter and Use Property related to the Pier 68 site.

Reimbursement for Increased Insurance Costs at Primary Storage Facility

On November 11, 2024, Caltrans notified the SFMTA of revised insurance requirements for continued use of the 7th Street site as the Primary Storage Facility. The updated requirements increased the general liability coverage (including umbrella) from \$5 million to \$20 million. This change is understood to be part of a broader shift in Caltrans' leasing practices following a fatal accident on Caltrans-owned property in Los Angeles, which prompted the agency to reassess its risk exposure and adopt more stringent insurance requirements for high-risk or operational sites across the state.

On June 24, 2025, the SFMTA and TEGSCO amended the 7th Street License to incorporate these new Caltrans-imposed insurance terms, with TEGSCO responsible for obtaining and maintaining the increased coverage.

The cost to TEGSCO for the additional coverage is about \$212,500 per year. This increase will be paid by the SFMTA because mid-year cost increases are only incorporated into the fees paid by customers every other year during the budget cycle. SFMTA decision to absorb the cost increase reflects the agency's role as lessee of the property and its commitment to maintaining stable, compliant operations under lease terms imposed by the State. Neither the SFMTA nor TEGSCO could have reasonably anticipated this change at the time the contract was awarded.

Prior Contract Amendments

The contract has undergone 10 amendments, including seven administrative amendments and three major amendments affecting the term and funding. Note that two separate amendments executed in 2016 and 2017 were each labeled the "First Amendment."

Administrative Amendments

- **First Amendment (2016):** Incorporated the 7th Street License for use of the Primary Storage Facility under the contract.
- **First Amendment (2017):** Revised procedures for SFPD investigative holds.
- **Second Amendment (2019):** Modified specific service requirements to improve operational efficiency within the towing program.
- **Fourth Amendment (2021):** Updated the contract to reflect TEGSCO's transition from operating under the "doing business as" name San Francisco AutoReturn to its legal name, TEGSCO, LLC.

- **Fifth Amendment (2022):** Granted TEGSCO access to confidential City databases to verify eligibility for income-based tow fee reductions and waivers, supporting the City's tow fee-reduction program for low-income individuals.
- **Sixth Amendment (2022):** Introduced an internet-based auction platform as an alternative or supplement to traditional in-person auctions.
- **Eighth Amendment (2023):** Provided for the temporary relocation of the Primary Storage Facility to a nearby location in the South of Market neighborhood to allow Caltrans to perform structural maintenance and painting at the 7th Street location.

Extension and Funding Amendments

- **Third Amendment (2021):** Exercised the contract's five-year extension option during the COVID-19 pandemic but requested additional funding for only the first two years (2021-2023). This amendment increased the contract amount by \$22.8 million, raising the not-to-exceed amount of \$88.2 million.

The request for funding for the last three years of the contract term was intentionally deferred due to the uncertainties of the COVID-19 emergency and the need to reassess the City's towing policy and funding requirements during the recovery period. A program study submitted to the Board of Supervisors in June 2022 identified the need for further spending authority and funding to support continued tow operations as the City emerged from the pandemic.

- **Seventh Amendment (2023):** Increased the contract amount by \$33.2 million, to a total not-to-exceed amount of \$121.4 million. This funding was intended to cover services through the end of calendar year 2024 and allow continued operations into early 2025, through March. As part of this amendment, staff committed to providing updates to the Board of Supervisors' Budget and Finance Committee on program progress and policy reassessment, with the understanding that a future request for funding would be needed to support services through the final year of the contract.
- **Ninth Amendment (2025):** Increased the contract amount by \$15.3 million, for a total not-to-exceed amount of \$136.7 million. This funding was intended to cover services through March 2026, the end of the contract term.

Contract Budget History

Contract Document	Budget	Years	Cumulative Budget
Agreement (2016)	\$65.4 million	5	\$65.4 million
Third Amendment (2021)	\$22.8 million	2	\$88.2 million
Seventh Amendment (2023)	\$33.2 million	2	\$121.4 million
Ninth Amendment (2025)	\$15.3 million	1	\$136.7 million

The SFMTA had planned to complete a new Request for Proposals (RFP) process during 2025, including preparing and issuing the solicitation, selecting a vendor, and negotiating a new contract to take effect on April 1, 2026. In the process of preparing the RFP, SFMTA determined there may be opportunities to reduce costs of running the program and to reduce fees charged to customers. To begin a full reassessment of the program and its costs, the Agency put out a Request for Information (RFI), discussed on page six of this staff report. Information from the RFI and other research will inform a new RFP that is anticipated to be published in the winter of 2026. In the meantime, the SFMTA is seeking a Tenth Amendment to extend the existing contract and allow for this process to take place.

Proposed Tenth Amendment and Upcoming Procurement Process

Purpose and Scope of the Tenth Amendment

The proposed Tenth Amendment would extend the contract term by nine months, from April 1, 2026, through December 31, 2026, with up to six additional one-month extensions through June 30, 2027. The addition of the six, one-month optional extensions is a contingency to ensure the current contract lasts until a new, long-term contract takes effect. The Director of Transportation will have the authority to administratively approve the one-month extensions. It would also increase the contract not-to-exceed amount by \$22.1 million, bringing the total spending authority to \$158.8 million. This funding would cover continued towing and storage services during the extended term and offset increased insurance costs imposed by Caltrans under the SFMTA's lease for the Primary Storage Facility at 450 7th Street.

Given current SFMTA budget challenges, the agency requested that TEGSCO waive during the extension term the annual cost-of-living adjustments (COLA) included in the contract. TEGSCO agreed to waive these annual increases. Should the current contract stay in place for the full potential extension term of 15 months, the COLA waiver will save the agency \$471,000.

Beyond the COLA waiver, agency staff are actively working with TEGSCO and other stakeholders on potential policy and operational changes that could deliver additional expenditure savings within the tow program. If expenditure-saving changes are agreed to, staff will coordinate their implementation as soon as possible. If required, a new contract amendment will be drafted to memorialize any such changes.

Rationale for Extension and Revised Procurement Approach

The term extension is necessary to allow staff sufficient time to conduct a revised competitive solicitation process focused on reducing costs and improving efficiency in the City's tow program. As of May 2025, program costs under the current contract total approximately \$1.3 million per month—comprised of a fixed monthly management fee of \$829,400 and variable costs of \$474,600 tied to the number of vehicles towed.

The tow program is limited by cost-recovery laws to charging owners of towed vehicles no more than the actual cost to the agency. In recent years, because of both increased costs and the implementation of several waiver programs the agency is not recouping all program costs but is rather spending about \$8 million to run the tow program.

The SFMTA had planned to complete a new RFP process within this timeframe, including preparing and issuing the solicitation, selecting a vendor, and negotiating a new contract to take effect on April 1, 2026. In the process of preparing the RFP, it became clear that it would be fiscally responsible to explore every opportunity to reduce costs of running the program and potentially reduce costs to customers.

Request for Information Process

To inform the next contract, the SFMTA conducted a market-sounding process through a Request for Information (RFI) to engage potential vendors on ways to reduce costs and improve operational efficiency.

On July 1, 2025, the SFMTA issued an RFI to the vendor community to solicit feedback on opportunities to reduce costs while maintaining service quality. The RFI asked vendors to evaluate the impact of various operational elements—such as operating hours, staffing levels, tow response-time requirements, and customer service metrics—on overall program costs.

Respondents were advised that the agency wishes to reduce the fixed monthly management cost under the next contract from the current level of approximately \$830,000 to \$700,000. Vendors were asked to respond to sixteen specific questions by July 29, 2025. Staff are reviewing all responses to help inform the structure and scope of the upcoming RFP.

Request for Proposals Development, Review, and Transition Timeline

Following the RFI process, staff have started drafting a new RFP for presentation to the SFMTA Board of Directors in winter of 2026. Based on past experience, a comprehensive RFP process—including development, release, evaluation, award, and contract negotiation—can take up to one year. Additionally, if a new vendor is selected, system integrations (e.g., with enforcement and citation-processing software) could require up to six months before the vendor is fully operational.

For this reason, the proposed Tenth Amendment requests a contract extension of up to 15 months, through June 30, 2027, to ensure uninterrupted service while the SFMTA completes its procurement process and transitions to a new long-term contract.

ALTERNATIVES CONSIDERED

Staff considered the following alternatives:

1. Allow the contract to lapse at the current funding cap

This alternative would end all towing services provided under the current contract once available funds are exhausted. This is not viable. Tow operations are essential for public safety, traffic management, and clearing the public right-of-way of abandoned or illegally parked vehicles. Disruptions to service would create immediate public safety risks, degrade traffic flow, and hinder SFPD operations related to accidents, crimes, and stolen vehicles.

2. Reprocure the contract immediately based on the existing scope of services

Staff considered issuing a new RFP under the current scope of services, without completing a cost-reduction analysis. However, this would likely result in higher long-term costs. The current scope reflects prior policy-driven expansions in service (e.g., fee waivers, text alerts, customer support requirements) that may be unsustainable under current budget constraints. Proceeding with an immediate RFP would also risk excluding smaller or more cost-efficient vendors that need time to prepare. Moreover, issuing an RFP prior to gathering vendor feedback gathered through the July 2025 RFI process is not advisable.

3. Issue a short-term bridge contract with a different vendor

This alternative was deemed impractical. A temporary vendor would still require extensive technical integrations, staffing, and facility readiness to operate within City systems and could not be expected to meet service expectations for such a short term. Transitioning vendors twice within a 15-month period would increase administrative burden and could reduce service quality.

STAKEHOLDER ENGAGEMENT

Tow Program staff communicate regularly with various stakeholders, including SFMTA staff in the Enforcement, Administrative Hearings, and Customer Service groups, as well as staff at SFPD and the Human Services Agency. Tow program staff solicit feedback and work to confirm these stakeholders are receiving effective service from both in-house Tow Program staff and contractor staff. Over the years, this input has led to meaningful improvements to the program.

For example, based on stakeholder feedback, the SFMTA has established waiver and discount programs to reduce the financial burden of tows and storage for people experiencing homelessness and other low-income individuals.

Moreover, as detailed above, staff on July 1, 2025, issued a Request for Information (RFI) to the vendor community seeking input on the current tow-program scope of services. The goal of the RFI process is to work collaboratively with the potential vendor community to develop a retooled scope of services that maintains a high level of program service while also reducing program expenses.

FUNDING IMPACT

The projected contract expenditures for FY25-26 and FY26-27 are detailed within the table below. Funding for the first three quarters of FY25-26 was authorized with the Ninth Amendment. The proposed Tenth Amendment would provide additional contract authority to cover contract services provided during the fourth quarter of FY25-26 and throughout the full FY26-27. Funding to support the additional requested contract authority for the fourth quarter of FY25-26 is available within the adopted annual operating budgets for FY25-26. Funding required for FY26-27 will be requested within the agency's overall budget request that will be submitted to the SFMTA Board of Directors in 2026.

Contract Costs	Approved within Ninth Amendment	Requested within Proposed Tenth Amendment		
	FY25-26 (Q1-Q3)	FY25-26 (Q4)	FY26-27	Total Request
<i>Fixed Management Fees</i> includes customer service staff, TVMS software system, management of tow yards, payment processing and reporting, auction/lien sale management, admin, overhead, insurance premiums and profit	\$6.6 million	\$3.5 million	\$10.1 million	\$13.6 million
<i>Variable Fees</i> fees that apply per vehicle towed, including towing, lien sale, dolly/flatbed and dropped tow	\$4.0 million	\$2.1 million	\$6.4 million	\$8.5 million
Totals	\$10.6 million	\$5.6 million	\$16.5 million	\$22.1 million

**Note: Additional spending authority requested for Q4 FY25-26 will cover additional costs, including the increased insurance costs detailed earlier in this report, incurred earlier in the year, thus they appear higher on a per-month basis.*

Amendment includes about \$19.9 million plus an additional \$2.2 million in contingency. The \$19.9 million over 15 months represents continuation of recent actual contract expenditures of about \$1.33 million per month. The contingency within the total \$22.1 million request is needed because actual contract usage is variable. The number of tows conducted each month moves up and down in response to requests. To ensure that the contract includes enough spending authority to cover the possibility of increased tow volume, the contingency amount is required.

REQUEST FOR APPROVAL

The SFMTA respectfully requests that the Board of Supervisors authorize the Director of Transportation to execute the Tenth Amendment to Contract No. 2014-43 with TEGSCO, LLC for towing and storage for abandoned and illegally parked vehicles. The Tenth Amendment adds \$22.8 million to the contract's not-to-exceed amount, for an amended total not-to-exceed amount of \$158.8 million, and it adds fifteen months to the contract term, for an amended contract term of 11 years and three months.

Sincerely,

Julie Kirschbaum

Julie Kirschbaum
Director of Transportation