File No. 250072 **Committee Item No.** 2
Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee **Date** February 12, 2025
Board of Supervisors Meeting **Date** February 25, 2025

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Completed by: Brent Jalipa **Date** February 6, 2025
Completed by: Brent Jalipa **Date** February 20, 2025

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

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

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

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

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

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

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

WHEREAS, The seventh amendment increased the contract amount to $121,400,000 providing contract authority to cover the extended term through March 2025; 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 $15,300,000 for a total of $136,700,000 to support the Contract through the final year of its extended term ending March 2026; and

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

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

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

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

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

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

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

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

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

Item 2 File 25-0072	Department: Municipal Transportation Agency (MTA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the Ninth Amendment to the towing services contract between San Francisco Municipal Transportation Agency (SFMTA) and TEGSCO, LLC, increasing the not-to-exceed amount by $15,300,000, for a total not to exceed $136,700,000, with no change to the contract term, ending in March 2026.

Key Points

- In 2016, after a competitive solicitation, the Board of Supervisors approved a five-year towing contract with TEGSCO. The contract has since been amended eight times and extended through March 2026. The Seventh Amendment, which increased the not-to-exceed amount to $121,400,000, was intended to provide sufficient funding for the contract through March 2025.
- 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 $790,000 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.
- SFMTA rents a short-term facility for TEGSCO at 450 7th Street in San Francisco and a storage, office, and auction facility at 2650 Bayshore Boulevard in Daly City. A March 2023 SFMTA report found that rents for TEGSCO's leases were on the lower end of the rental market, and the closest suitable facility available for purchase was in Pittsburg, which would inconvenience tow customers and increase towing costs and wait times.

Fiscal Impact

- The proposed Ninth Amendment would increase the not-to-exceed amount of the TEGSCO contract by $15,300,000, for a total not to exceed $136,700,000. In addition to the contract costs, the tow program costs include rent and SFMTA administrative costs. Over the 10-year term of the contract, actual and projected tow program costs are approximately $278.6 million and revenues are approximately $207.9 million, for total net program costs to SFMTA of approximately $70.7 million. Net program costs are funded by transit revenues.
- Options to reduce SFMTA transit fund support for the towing program include: (1) reducing or eliminating fee discounts for parking regulation violators, (2) increasing towing fees, (3) increasing enforcement of parking regulations, (4) reducing SFMTA program costs, or (5) some combination of these options.

Recommendation

- 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

In 2015, the San Francisco Municipal Transportation Agency (SFMTA) issued a Request for Proposals (RFP) to select a towing service provider. TEGSCO, LLC, previously known as San Francisco AutoReturn, which had provided the service since 2004, was deemed the highest scoring proposal out of three bids and was awarded a contract. In March 2016, the Board of Supervisors approved a 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).

Under the contract, TEGSCO provides customer service for towed vehicles, 24/7 tow truck dispatching, vehicle storage, and lien processing and vehicle auctions. Attachment 1 to this report details the reasons for vehicle tows in FY 2023-24 and FY 2024-25 to date. The contract has been amended eight 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 7th 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

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

The Seventh Amendment, which increased the not-to-exceed amount to $121,400,000, was intended to provide sufficient funding for the contract through March 2025. In December 2024, the SFMTA Board approved the Ninth Amendment to the contract to provide funding for the final year of the term.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Ninth Amendment to the towing services contract between SFMTA and TEGSCO, increasing the not-to-exceed amount by $15,300,000, for a total not to exceed $136,700,000, with no change to the contract term, ending in March 2026.

The proposed increase of $15,300,000 would provide contract funding through March 2026. SFMTA is planning to release an RFP in April 2025 to award a new towing services contract commencing after TEGSCO's contract expires.

Contract Costs and Program Fees

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 $790,000 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. TEGSCO's variable fees are adjusted annually based on the lesser of three percent or the regional Consumer Price Index (CPI). Fees charged to vehicle owners are set by SFMTA.[2] A $56 fee waiver is granted to owners of first-time towed vehicles, and waivers are also available to low-income or homeless residents. In addition, victims of vehicle theft have their towing, administrative, and storage fees waived.

SFMTA leases 556,050 square feet of space at a facility located at 2650 Bayshore Boulevard in Daly City. Under the contract, TEGSCO uses 330,771 square feet for storage and transfer of vehicles, public lien sale auctions, and office space. TEGSCO does not pay rent but pays all utilities, services, and security for the space. SFMTA also rents 450 7th Street in San Francisco for TEGSCO to use as its short-term storage facility.

Quarterly Reports

The resolution approving the Seventh Amendment had requested the SFMTA to submit quarterly reports on any modifications to the towing program that may reduce costs, including if there were less expensive real estate options (including purchase options) for vehicle storage, customer service centers, and auction facilities. In March 2023, SFMTA submitted a report to the Board of Supervisors that found rents for TEGSCO's leases were on the lower end of the rental market ($7.89 per square foot across both sites as of March 2023). The closest suitable facility available for purchase was in Pittsburg, which would inconvenience tow customers and increase towing costs and wait times due to the travel distance. Janet Martinsen, SFMTA Local Government Affairs Liaison, reports that she contacted the Supervisor who had specifically

[2] Current SFMTA fees are: (1) Administrative Fee: $304 for first-time tows, $360 for repeat tows, no fee for low-income vehicle owners; (2) Tow Fee: $297, $104 for low-income residents, one-time waiver for homeless residents; (3) Storage Fee: no fee for first four hours, $64 for the first day after four hours, $77 for subsequent days; and (4) Dolly Fee (if eligible): $53.

requested the quarterly reports three times in 2023 to ask for quarterly report topics, but received no response. Therefore, SFMTA did not issue the quarterly reports as requested in the resolution. SFMTA's Muni Funding Working Group has explored reducing subsidies for tow fee discounts as an option for cost savings, but these are preliminary suggestions and have not been approved.

Tow Volume

Over the first four years of the contract (April 2016 through March 2020), annual tow volume varied from approximately 42,000 to 45,000 tows per year. Tow volume decreased significantly in 2020 due to the COVID-19 pandemic, but has since increased, from a low of 15,701 tows in contract Year 5 (April 2020 through March 2021) to approximately 37,000 to 38,000 tows in contract Years 7 and 8 (April 2022 through March 2024). In contract Year 9 (April 2024 through March 2025), volume is projected to increase slightly to approximately 38,940 tows.[3] Enforcement activity is driven by Police and MTA staffing assigned to parking regulation enforcement.

Performance Monitoring

According to data provided by SFMTA, TEGSCO has been meeting or exceeding performance measures for the contract. The three key performance measures are timeliness of revenue deposits into SFMTA'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). According to David Rosales, SFMTA Principal Administrative Analyst, revenues are consistently deposited within 24 hours, 95 percent of light-duty tows are responded to on time (above the 90 percent target), and the average customer service wait time is less than two minutes from October through December 2024.

FISCAL IMPACT

The proposed Ninth Amendment would increase the not-to-exceed amount of the TEGSCO contract by $15,300,000, for a total not to exceed $136,700,000. Actual and projected contract expenditures are shown in Exhibit 2 below.

[3] There were approximately 25,960 tows from April through November 2024, or 3,245 tows per month. Using a straight-line projection, this projects to approximately 38,940 tows for the full contract year.

Exhibit 2: Actual and Projected Contract Expenditures

Year	Management Fee[4]	Variable Fee	Total Expenditures
Year 1 (Actual)[5]	$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 (4/2024 – 12/2024, Actual)	7,085,702	4,229,504	11,315,206
Subtotal, Actual Expenditures	*$76,231,584*	*$39,999,634*	*$116,231,218*
Year 9 (1/2025 – 3/2025, Projected)	2,370,000	1,425,000	3,795,000
Year 10 (Projected)	9,810,000	5,898,000	15,708,000
Subtotal, Projected Expenditures	*$12,810,000*	*$7,323,000*	*$19,503,000*
Contingency (5% of Projected Expenditures)			965,782
Total Not-to-Exceed			**$136,700,000**

Source: SFMTA

The Management Fee, which covers TEGSCO's fixed costs, was reduced in contract Years 6 and 7 to the COVID-19 pandemic, but was restored to its prior level in Year 8. Management and Variable Fee projections are adjusted for inflation in Year 10. A five percent contingency is included to cover potential increases in tow volume over the final 15 months of the contract.

SFMTA Towing Program Revenues and Expenses

According to SFMTA, the tow program is a cost-recovery program funded by tow revenues and the SFMTA operating budget. Because the program is funded by fees, SFMTA cannot make a profit from the tow program. Over the 10-year term of the contract, the projected net cost to SFMTA for the tow program, or costs minus revenues, is approximately $70,674,102, as shown in Exhibit 3 below. 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

[4] According to SFMTA, the Management Fee was bid out as a flat fee to maintain a consistent level of service, rather than a negotiated amount based on costs to TEGSCO. Costs include staffing, security, office and network infrastructure, storage lot equipment, repairs, capital improvements, administrative costs, and profit.

[5] The Management Fee in Year 1 includes $720,000 in rent payments for the 7th Street facility paid by TEGSCO and reimbursed by SFMTA because Caltrans, the landlord, was not compliant with Chapter 12B of the City's Administrative Code. TEGSCO, which had previously rented the facility directly from Caltrans, paid eight months of rent until the City Administrator's Office approved the Chapter 12B waiver, allowing SFMTA to assume the lease.

fees. Fees do not cover the full cost of the program, which includes the TEGSCO contract, rent, SFMTA enforcement, and SFMTA overhead.

SFMTA tow revenues consist primarily of administrative fees, towing fees, storage fees, and auction revenues. Revenues shown above are net of waivers provided to first-time tows, low-income vehicle owners, and victims of vehicle theft (estimated at $8.25 million in FY 2023-24) and waivers provided to the Police Department to store vehicles involved in crimes (estimated at $3.0 million in FY 2023-24). Without these waivers, the towing program would not require support from the SFMTA operating fund, which also funds transit.

Exhibit 3: Tow Program Costs and Revenues

Contract Year	TEGSCO Contract[6]	Rent[7]	SFMTA Admin & Enforcement Cost[8]	Total Program Cost	Tow Revenues	Net Program Cost
Year 1 (Actual)	$13,117,950	$1,995,469	$9,247,156	$24,360,575	$20,769,426	$3,591,149
Year 2 (Actual)	12,980,598	2,772,010	9,475,761	25,228,369	22,421,291	2,807,078
Year 3 (Actual)	13,891,446	2,909,838	10,166,840	26,968,124	23,768,374	3,199,750
Year 4 (Actual)	13,902,174	3,143,580	10,545,264	27,591,018	23,083,883	4,507,135
Year 5 (Actual)	11,084,330	3,312,260	11,252,133	25,648,723	8,142,522	17,506,201
Year 6 (Actual)	12,396,019	3,377,856	11,570,196	27,344,071	17,029,944	10,314,127
Year 7 (Actual)	13,140,388	3,508,304	11,882,881	28,531,573	22,210,186	6,321,387
Year 8 (Actual)	14,403,107	3,634,742	11,463,391	29,501,240	23,679,217	5,822,023
Year 9 (Projected)	15,110,206	3,766,849	12,355,710	31,232,765	24,392,809	7,839,956
Year 10 (Projected)	15,708,000	3,903,843	12,546,262	32,158,105	23,392,809	8,765,296
Total	**$135,734,218**	**$32,324,751**	**$110,505,594**	**$278,564,563**	**$207,890,461**	**$70,674,102**

Source: SFMTA

Towing Program Costs

According to the Proposition J analysis for this service, it would cost SFMTA $29,889,478 to perform this service with City staff, including $13,967,032 in overhead. Even excluding all of the overhead, the in-house SFMTA cost of $15,922,446 is still higher than the contract budget of $15,708,000. Bringing the towing program in-house would likely not be cost-effective.

Other options to reduce SFMTA transit fund support for the towing program include: (1) reducing or eliminating fee discounts for parking regulation violators, (2) increasing towing fees, (3) increasing enforcement of parking regulations, (4) reducing SFMTA program costs, or (5) some combination of these options.

RECOMMENDATION

Approve the proposed resolution.

[6] Projected TEGSCO contract expenditures do not include the contingency ($965,782 in Years 9-10).

[7] Rent in FY 2024-25 includes approximately $2.4 million for the 7th Street facility and $1.4 million for the Bayshore facility.

[8] Administrative costs include SFMTA administrative staff, parking control officers, dispatch staff, overhead, work orders, and credit card processing charges.

Attachment 1: Vehicle Tows by Category, FY 2023-24 and FY 2024-25 to Date

Category	FY 2023-24	FY 2024-25 (5 Months)[9]	Total
Abandoned	1,248	571	1,819
Accident	287	103	390
Arrest/Investigation/Moving Violation	1,372	543	1,915
CHP	0	0	0
Construction	1,755	698	2,453
Courtesy-Dpt.	170	73	243
Courtesy-Other	0	0	0
Courtesy-SFFD	5	5	10
Courtesy-SFPD	9	4	13
Driveway	6,521	2,919	9,440
Hazard	1,894	846	2,740
Hit & Run	81	28	109
Other	7	3	10
Other Parking Violations	1,734	919	2,653
Owner Request-Tow	38	13	51
Owner Request-Service	7	6	13
Private Property	4	3	7
Relocation	177	72	249
Scofflaw/Citations	125	0	125
Scofflaw/Citations/Registration	83	3	86
Scofflaw/No Vehicle ID	22	8	30
Scofflaw/Registration	4,428	2,308	6,736
Scofflaw/Registration/Moving	97	18	115
Special Event	2,317	802	3,119
Stolen Recovery	2,686	870	3,556
Towaway	10,857	4,850	15,707
Unlicensed/Suspended License	365	85	450
Yellow Zone	1,645	628	2,273
Total	**37,934**	**16,378**	**54,312**

Source: SFPD

[9] Using a straight-line projection, this projects to approximately 39,307 total tows in FY 2024-25.

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 [insert date], 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 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

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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
San Francisco **Municipal Transportation Agency** Julie Kirschbaum Acting Director of Transportation Authorized By: **Municipal Transportation Agency Board of Directors** 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 Jimenez** Deputy City Attorney	**TEGSCO, LLC** _____ **Frank Mecklenburg** COO City Supplier Number: 48588

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SFMTA

Ninth Amendment to Towing Agreement – Funding for Remainder of Extension

Board of Supervisors – Budget and Finance Committee

February 12, 2025

Presented by Lorraine Fuqua, Manager

On-Street Parking Contracts, Streets Division

Contract Overview

- The proposed 9th Amendment would fund the last thirteen months of the agreement - $15.3 million.
- Funding for agreement is allocated through SFMTA's operations budget. Approval is needed to authorize spending for the final year of the agreement that ends March 30, 2026.
- The Agreement was approved in 2016 for 5 years plus the option to extend for 5 years under DOT authority ($65.4 million).
- In 2021, the 3rd Amendment exercised the option to extend the agreement for five years. The spending request was approved for two years only, due to COVID and its potential impacts to SFMTA budget. ($22.8 million approved).
- In 2022, the 7th amendment authorized additional spending for two of the three remaining years ($33.2 million).

Reasons to Fund

- Current agreement limits Contractor annual cost increases to Consumer Pricing Index (CPI) maximum of three percent.
- Contractor continues to perform at or above service level requirements.
  - Daily deposits are always on-time.
  - 93% on-time arrival; 3% above 90% requirement.
  - 40% of subcontracting is LBE (mainly tow truck operators)
  - Successful negotiations with Teamster's Local 665 for Collective Bargaining Agreement.
- The Towing Program is vital, in that it
  - Maintains transit reliability and traffic safety.
  - Removes vehicles from blocked driveways.
  - Removes vehicles involved in crimes, accidents and abandoned vehicles.

RFP to Contract Award Timeline

Phase	Time
Development and Release of RFP (in progress)	Projected for April 30, 2025
Proposals submission and Evaluation; Negotiations (potential protests)	May-Sep 2025
MTAB and BOS approval of new Agreement	Oct-Dec 2025
Transition of Contractors (if needed)	Jan-Mar 2026

Tow Fee and Storage Discounts Fiscal Impact (FY24)

Total subsidies for tow and storage fee waiver discounts: $8.4M per year.

Program	Description	Reduction amount	Cases (#)	Impact ($M)
First Time	Discount for first time vehicle towed	- $56 tow fee	16,128	$0.9
Low-Income	$104 tow fee and up to 15 days' storage	- $553 tow fee - Up to $1,142 storage	7,647	$5.6
Stolen Vehicle	Waiver for tow fees and up to 3 days' storage	- $657 tow fee - Up to 218 storage	348	$1.4
Unhoused	One-time tow and storage (30 days) waiver	- $657 tow fee - Up to $2,297 storage	348	$0.5
			Total Reductions/Waivers	**$8.4**
SFPD	Tows related to crime	- Varies	- 684	$3.0
			TOTAL Cost	$11.4

SFMTA

Questions?

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

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 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 2560 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

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:

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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 2560 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

new facility to serve as the Long-term Storage Facility, and may require Contractor to relocate to that facility in accordance with the terms and conditions of 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"), which is attached hereto as Appendix F, 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 new facility to serve as the Primary Storage Facility, and may require Contractor to relocate to that facility in accordance with the terms and conditions of the 7th Street License.

2b. Section 4.9 (Performance Surety Bond) is replaced in its entirety to read as follows:

4.9 Performance Surety Bond. Upon the Effective Date of this Agreement, Contractor shall provide to the City, and shall maintain throughout the Term of this Agreement and for a period of at least ninety (90) days after expiration or termination of this Agreement, or until all of Contractor's obligations have been performed under this Agreement, whichever date is later, a performance guarantee of two million dollars ($2,000,000), which shall consist of a Performance Surety Bond of two million dollars ($2,000,000) in favor of the City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency, guarantying the faithful performance by Contractor of this Agreement, of the 2650 Bayshore License, of the 7th Street License, and of the covenants, terms and conditions of this Agreement the 2650 Bayshore License, and the 7th Street License, including all monetary obligations set forth herein, and including liquidated damages and any dishonesty on the part of Contractor.

The City may draw upon such Performance Surety Bond in circumstances which include, but are not limited to:

(a) To ensure regulatory compliance in the event that Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over Contractor's operations or the properties used by Contractor for the performance of this Agreement and Contractor does not achieve compliance with the notice of violation or order to the satisfaction of the issuing agency within the time specified by the agency, or by the City if the agency does not specify a timeframe.

(b) To reimburse the City for any fine or other charge assessed against the City related to any notice of violation or other regulatory order issued to Contractor.

(c) To reimburse the City for costs associated with City's environmental assessments or corrective action related to Contractor's violation of any of the requirements of Appendix D, the 2650 Bayshore License, or Appendix F, the 7th Street License, which may be performed at the City's sole discretion.

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(d) To satisfy any overdue payment obligations owed by Contractor to City pursuant to Appendices D or F.

(e) To satisfy fines assessed by City against Contractor pursuant to Appendices D or F.

(f) To compensate City for losses or damage to property caused by Contractor.

The Performance Surety Bond required by this Section 4.8 shall be issued on a form prescribed by City, which is attached hereto as Appendix E, and issued by a financial institution acceptable to the City in its sole discretion, which financial institution shall (a) be a bank, insurance or trust company doing business and having an office in the State of California, (b) have a combined capital and surplus of at least $25,000,000, and (c) be subject to supervision or examination by federal or state authority. If Contractor defaults with respect to any provision of this Agreement, City may, but shall not be required to, make its demand under said Performance Surety Bond for all or any portion thereof, to compensate City for any loss or damage which City may have incurred by reason of Contractor's default or dishonesty, including (but not limited to) any claim for fines or liquidated damages; provided, however, that City shall present its written demand to said bank, insurance or trust company for payment under said Performance Surety Bond only after City first shall have made its demand for payment directly to Contractor, and five (5) full days have elapsed without Contractor having made payment to City.

2c. Section 4.14 (Maintenance Deposit) is replaced in its entirety to read as follows:

4.14 Upon execution of this Agreement, Contractor shall deposit with City the amount of one hundred thousand dollars ($100,000) as a maintenance deposit. These funds may be used by City as specified in Appendices D and F, including but not limited to when maintenance required by Appendices D or F is not done in a timely manner or in accordance with the standards of this Agreement, including the standards of Appendices D or F. Contractor shall be responsible for replenishing this maintenance deposit fund to maintain a balance of one hundred thousand dollars ($100,000) within fifteen (15) days of any date that the fund falls below the minimum balance. Failure to replenish the maintenance deposit fund for more than forty-five (45) days shall be an Event of Default under Section 8.2 of this Agreement. Any interest accrued and earned on the maintenance deposit fund shall be retained by City.

2d. Section 4.16 (Environmental Oversight Deposit) is replaced in its entirety to read as follows:

4.16 Environmental Oversight Deposit. Upon the Effective Date of this Agreement, Contractor shall provide to the City, and shall maintain and replenish throughout the term of the property licenses set forth in Appendices D and F of this Agreement and for a period of at least ninety (90) days after termination or expiration of those licenses, an Environmental Oversight Deposit in the amount of ten thousand dollars ($10,000), which shall be deposited in an account specified by City. If Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the designated facilities or its operations, and such notice is not cured within fourteen (14) days, the City may draw from this deposit to reimburse the City for staff costs incurred by the City while inspecting site conditions and enforcing and administering the Hazardous Materials provisions of the licenses. If Contractor receives a

notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the site and or its operations, and such notice is cured within fourteen (14) days, the City may draw from this deposit in an amount not to exceed $500 to reimburse the City for staff costs incurred by the City. The City will submit an invoice to Contractor for any such costs, and Contractor will pay such invoiced amounts within thirty (30) days to replenish the Environmental Oversight Deposit. Contractor's failure to pay such costs within thirty (30) days, or to replenish the Environmental Oversight Deposit if drawn upon, will constitute an Event of Default under Section 8.2 of this Agreement.

2e. Section 8.2 (Termination for Default; Remedies.) is replaced in its entirety to read as follows:

8.2 Termination for Default; Remedies.

Each of the following shall constitute an immediate event of default ("Event of Default") under this Agreement:

Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

3.5	Submitting False Claims
4.5	Assignment
4.9	Performance Bond
4.14	Maintenance Deposit
4.15	Claims Fund
4.16	Environmental Oversight Deposit
Article 5	Insurance and Indemnity
Article 7	Payment of Taxes
10.4	Nondisclosure of Private, Proprietary or Confidential Information
10.10	Alcohol and Drug-Free Workplace
11.10	Compliance with Laws

Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated by reference herein, and such default continues for a period of ten days after written notice thereof from to Contractor.

Contractor (i) is generally not paying its debts as they become due; (ii) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction; (iii) makes an assignment for the benefit of its creditors; (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property; or (v) takes action for the purpose of any of the foregoing.

A court or government authority enters an order (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with

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respect to any substantial part of Contractor's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Contractor.

On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, where applicable, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor: (i) all damages, losses, costs or expenses incurred by City as a result of an Event of Default; and (ii) any liquidated damages levied upon Contractor pursuant to the terms of this Agreement; and (iii), any damages imposed by any ordinance or statute that is incorporated into this Agreement by reference, or into any other agreement with the City.

All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

Any notice of default must be sent by registered mail to the address set forth in Article 11.

2f. Appendix F (Revocable License to Enter and Use Property at 450 7th Street) is hereby attached and incorporated into this Agreement as though fully set forth herein.

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

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 Edward D. Reiskin Director of Transportation San Francisco Municipal Transportation Agency Board of Directors Resolution No. 16-121 Adopted: SEPTEMBER 6, 2016 Attest: Secretary, SFMTA Board of Directors Approved as to Form: Dennis J. Herrera City Attorney By: Robert K. Stone Deputy City Attorney	TEGSCO, dba San Francisco AutoReturn John Wicker, President City vendor number: 66307

Appendices:

F: 7th Street License Agreement

APPENDIX F
TO THE TOWING AGREEMENT
BY AND BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
TEGSCO LLC., dba SAN FRANCISCO AUTORETURN
Granting a Revocable License for the Use of Certain Property

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APPENDIX F

TO THE TOWING AGREEMENT
BY AND BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
TEGSCO LLC., dba SAN FRANCISCO AUTORETURN

REVOCABLE LICENSE TO ENTER AND USE PROPERTY

THIS REVOCABLE LICENSE TO ENTER AND USE PROPERTY ("License"), between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), acting by and through its Municipal Transportation Agency ("SFMTA"), and TEGSCO, LLC, a California limited liability company dba San Francisco AutoReturn ("Licensee"), and dated as of October 1, 2016 is Appendix F to the Agreement for Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles between City and Licensee, dated for convenience as April 1, 2016 (the "Towing Agreement), which is incorporated herein by reference as if fully set forth herein.

RECITALS

This License is made with reference to the following facts:

A. City and Licensee are parties to the Towing Agreement for the towing and storage of abandoned and illegally parked vehicles.

B. City leases that certain real property commonly known as 450 7th Street, Parcel FLA 04-SF-80-11, San Francisco, California (the "Property") from State of California, Department of Transportation ("Caltrans") pursuant to an SF Parking Airspace Lease between City and Caltrans dated as of October 1, 2016, a copy of which is attached to this License as Attachment 1 (the "Lease").

C. City wishes to grant Licensee a license to use a portion of the Property shown on Attachment 2 (the "Premises"), pursuant to a revocable license between Licensee and City, to operate a Primary Storage Facility for towed vehicles as contemplated by the Towing Agreement.

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. BASIC LICENSE INFORMATION

The following is a summary of Basic License information (the "Basic License Information"). Each item below shall be deemed to incorporate all of the terms in this License pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this License, the more specific provision shall control.

Licensor:	CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION
Licensee:	TEGSCO, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY D.B.A. SAN FRANCISCO AUTORETURN
Property (Section 2.1):	That certain real property commonly known as 450 7th Street, San Francisco, California, as fully described in Exhibit A to the Lease (the "Property").

Building (Section 2.1):	The building located on the Property.
Premises (Section 2.1):	The portions of the Property and Building depicted on Attachment 2 that are not designated for the SFPD, and comprised of approximately 119,002 square feet.
Term (Section 4):	Commencement Date: October 1, 2016. Expiration Date: March 31, 2021, subject to any extension pursuant to Section 4.1.2 or any earlier termination of this License pursuant to the terms hereof.
Rent:	No rent is required for Licensee's use of the Premises pursuant to this License.
Permitted Use (Section 6.1):	Parking space for the storage and transfer of vehicles towed under the Towing Agreement, customer service center, dispatch of tow trucks, and office space for the administration of Licensee's operations under the Towing Agreement.
Utilities and Services (Section 10):	Obtained and paid by Licensee at its sole cost.
Security (Section 6.5):	Licensee shall be solely responsible for the security of the Premises.
Security Deposit (Section 17.4):	Provided under Sections 4.9 and 4.14 of the Towing Agreement.
Environmental Oversight Deposit (Section 24.11):	Provided under Section 4.16 of the Towing Agreement
Notices to the Parties: (Section 25.1)	Any notice, demand, consent or approval required under this License must be sent by first class certified U.S. mail with return receipt requested, or by overnight courier, return receipt requested, with postage pre-paid. All other written communications, unless otherwise indicated elsewhere in this License, may be by first class U.S. mail, by email, or by facsimile. All communications related to this License shall be addressed as follows:
To Licensee:	San Francisco AutoReturn 2650 Bayshore Blvd. Daly City, CA 94014 jwicker@authoreturn.com C/O John Wicker, CEO and President
To City:	City and County of San Francisco Attention: Lorraine Fuqua 1 South Van Ness Avenue, Third Floor San Francisco, CA 94102 telephone: 415-701-4678 facsimile: 415-701-4736 Email: lorraine.fuqua@sfmta.com

2. PREMISES

2.1 License Premises.

2.1.1 City confers to Licensee a revocable, personal, non-exclusive and non-possessory privilege to enter upon and use those certain premises identified in the Basic License Information and shown on Attachment 2, attached hereto and incorporated by reference as though fully set forth herein (collectively, the "Premises"), for the limited purpose and subject to the terms, conditions and restrictions set forth below. This License gives Licensee a license only, revocable at any time at the will of City, and notwithstanding anything to the contrary herein, this License does not constitute a grant by City of any ownership, leasehold, easement or other property interest or estate whatsoever in the Premises, or any portion thereof. The privilege given to Licensee under this License is effective only insofar as the rights of City in the Premises are concerned, and Licensee shall obtain any further permission necessary because of any other existing rights affecting the Premises. The area of the Premises specified in the Basic License Information shall be conclusive for all purposes hereof. The Premises shall include the land upon which the Premises is located and all other improvements on and appurtenances to such land.

2.1.2 City may, at City's sole and absolute discretion, relocate Licensee from any portion or all of the Premises to another location on the Property or other City property that City in its sole and absolute discretion deems suitable for the uses permitted hereunder; provided that such relocation shall not materially interfere with Licensee's ability to meet its obligations under the Towing Agreement. City shall arrange and pay for moving Licensee's equipment and personal property from the Premises to such new space. Once City completes such move, Licensee shall commence its Towing Agreement operations at the new space and the new location shall become part or all of the Premises hereunder. Licensee shall enter into any amendment requested by City to reflect such new location.

2.1.3 City may, at City's sole and absolute discretion, modify the original configuration of the Premises; provided that such modification shall not materially interfere with Licensee's ability to meet its obligations under the Towing Agreement, unless such modification is required under the Lease.

2.1.4 Licensee acknowledges that the interest of City in the Premises is limited to those rights conveyed to City pursuant to the Lease. Licensee hereby agrees to assume all responsibility for and be bound by all covenants, terms and conditions made by or applicable to City under the Lease, and shall not take any actions that would cause the City to be in default under the Lease. In the event there are any inconsistencies between the provisions of this License and the Lease, the provisions of the Lease shall govern Licensee's use of the Premises hereunder.

2.2 Subordinate to Lease. This License is expressly made subject and subordinate to all the terms, covenants and conditions of the Lease, which are incorporated herein by reference (collectively, the "Lease Terms"). Licensee agrees to use the Premises in accordance with the Lease Terms and not take or fail to take any act that City would be required to not take or take under the Lease to comply with the Lease Terms.

2.3 Performance of Lease Obligations. Licensee further agrees to assume the obligation for performance of all City's obligations under the Lease with respect to the Premises, except as may be specifically modified by this License and excluding City's obligation to pay rent to Caltrans under the Lease.

2.4 Amendments to Lease. Licensee agrees that City shall have the right to enter into amendments or modifications to the Lease without Licensee's prior written consent; provided, however, that if such proposed amendment or modification would materially affect Licensee's rights under this License, Licensee shall not be subject to such amendment or modification unless it

consents to be subject thereto in writing. In the event Licensee fails within fifteen (15) business days to respond in writing to City's written request for such consent, then Licensee shall be deemed without further notice to have consented to City's request for consent.

2.5 Contact with Caltrans. Licensee has no authority to contact Caltrans or make any agreement with Caltrans concerning the Premises or the Lease without City's prior written consent, and Licensee shall make payments of any charges payable by Licensee under this License only to City.

2.6 Caltrans Duties. The Lease describes Caltrans' duties with respect to the Property. City is not obligated to perform such Caltrans'' duties. If Caltrans fails to perform its duties, Licensee shall provide notice to City. In no event shall City incur any liability, or otherwise be responsible, nor shall there be any set-off, deduction or abatement of any amounts owed by Licensee to City pursuant to this License arising from Caltrans' failure to comply with its duties.

2.7 Termination of Lease. If the Lease is terminated for any reason during the Term, this License shall automatically terminate as of such Lease termination date.

3. INSPECTION OF PROPERTY; AS IS CONDITION

3.1 Inspection of Premises. Licensee represents and warrants that Licensee has conducted a thorough and diligent inspection and investigation of the Property and the suitability of the Premises for Licensee's intended use, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them. Licensee is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises is suitable for its operations and intended uses.

3.2 As Is Condition. WITHOUT WAIVING ANY OF LICENSEE'S RIGHTS ESTABLISHED IN SECTIONS 24.3 AND 24.8 BELOW, LICENSEE ACKNOWLEDGES AND AGREES THAT THE PREMISES ARE BEING LICENSED AND HAVE BEEN ACCEPTED IN THEIR "AS IS" AND "WITH ALL FAULTS" CONDITION, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, AND SUBJECT TO ALL APPLICABLE LAWS, RULES AND ORDINANCES GOVERNING THEIR USE, OCCUPANCY AND POSSESSION. LICENSEE ACKNOWLEDGES AND AGREES THAT NEITHER CITY NOR ANY OF ITS AGENTS HAVE MADE, AND CITY HEREBY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE RENTABLE AREA OF THE PREMISES, THE PHYSICAL, SEISMOLOGICAL OR ENVIRONMENTAL CONDITION OF THE PREMISES OR THE PROPERTY, THE PRESENT OR FUTURE SUITABILITY OF THE PREMISES FOR LICENSEE'S BUSINESS, OR ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES, INCLUDING, WITHOUT LIMITATION, AND IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3.3 Accessibility Inspection Disclosure. Licensee is hereby advised that the Premises have not been inspected by a Certified Access Specialist under California Civil Code Section 1938.

4. LICENSE TERM

4.1 Term.

4.1.1 The privilege given to Licensee pursuant to this License is temporary only and shall commence upon the Commencement Date (as described in the Basic License Information) and shall terminate on March 31, 2021, subject to extension pursuant to Section 4.1.2, or the date of earlier termination of this License pursuant to the terms of this License or the Towing Agreement (the "Expiration Date"). Without limiting any of its rights hereunder, City may at its sole option freely revoke this License at any time, without cause and without any obligation to pay any consideration to Licensee.

4.1.2 The original term of the Towing Agreement ends on March 31, 2021, subject to City's right to extend such term by up to five (5) years. If City extends the term of the Towing Agreement pursuant to Section 2.2 of the Towing Agreement, the term of this License shall be automatically extended to be the last day of the Towing Agreement term, and the word "Term" as used herein shall refer to the original five (5) year term and any extended term resulting from City's extension of the term of the Towing Agreement.

4.2 Early Termination. Without limiting any of its rights hereunder, City may at its sole option freely terminate this License as to all or a portion of the Premises without cause and without any obligation to pay any consideration to Licensee

5. FEES AND CHARGES

5.1 Rent. Licensee shall pay no rent to City for use of the Premises pursuant to this License; provided, however, that Licensee shall make the payments otherwise owed by Licensee to City pursuant to this License, including, but not limited to, any amounts owed to City pursuant to Sections 6.6, 9.1, 10.2, 17.3, and 24.11 of this License.

5.2 Late Charges. Notwithstanding that Licensee will pay no rent, Licensee is obligated to make other payments to City pursuant to this License. If Licensee fails to pay all or any portion of any payment to be made by Licensee to City pursuant to this License within five (5) days following the due date for such payment, such unpaid amount shall be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by City and Licensee, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Licensee, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and shall be paid to City together with such unpaid amount.

5.3 Default Interest. Any payment to be made by Licensee to City pursuant to this License, if not paid within five (5) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law. However, interest shall not be payable on late charges incurred by Licensee nor on any amounts on which late charges are paid by Licensee to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Licensee.

5.4 Deduction from Amounts Due. In the event Licensee fails to pay any payment due hereunder for more than ten (10) days following the due date, City may deduct and withhold the amount of such payment, together with the amount of applicable late charges and default interest as provided herein, from any monies in City's possession due Licensee pursuant to the Towing Agreement.

6. USE OF PREMISES

6.1 Permitted Use. Licensee shall use and continuously occupy the Premises during the Term solely for temporary storage and transfer of vehicles, customer service operations, dispatch of tow trucks, and related office use as necessary to meet its obligations under the Towing Agreement and for such other uses, if any, as may be specified in the Basic License Information, all to the extent permitted under the Lease Terms. Except as provided below, Licensee shall not use the Premises for any other purpose without the prior written approval of City, including, without limitation, the following: (a) crushing or dismantling; (b) maintenance or fueling of vehicles, except as otherwise may be permitted under the Maintenance Plan (as defined in Section 22); (c) selling vehicle parts from the Premises; (d) parking or storage of vehicles not covered under the Towing Agreement; or (e) parking for Licensee's employees, without the prior written approval of City and subject to availability of space necessary to fully perform Licensee's obligations under the Towing Agreement. All available space for vehicle parking shall be used for the purposes set forth in the Towing

Agreement, except as otherwise expressly approved by City pursuant to this License. The washing of vehicles shall be with cleansing agents that are biodegradable and non-toxic, and shall be in compliance with the Maintenance Plan. No advertising or signage may be placed in or about the Premises without the prior written permission of City.

6.2 Use of Equipment and Machinery. Licensee shall have the right to place on the Premises all necessary equipment and machinery in connection with the permitted use of the Premises. It is understood and agreed that City is not responsible for loss of or damage to any Licensee-owned equipment herein involved, unless caused by the sole negligence of City's officers, agents, and employees.

6.3 Limitation to Described Purpose. Licensee may occupy and use the Premises solely for the purpose of fulfilling its obligations under the Towing Agreement to store any vehicles towed pursuant to the terms of the Towing Agreement, and for incidental purposes related thereto. Adequate drop-off space must be provided so that tow and transport trucks can load and unload on the Premises. No loading, unloading, queuing, parking or storage of vehicles will be permitted on any remaining portion of the Property or any public streets or rights-of-way adjacent to the Property. All storage activities authorized by this License shall be restricted to the designated enclosed and visually screened area. Any use of the Premises by Licensee shall be subject to the requirements of the Maintenance Plan.

6.4 No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Licensee shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Licensee shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Licensee shall not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises or on or about the Property without the prior written permission of City.

6.5 Security. Licensee shall at all times provide security at a level acceptable to the City to protect the Premises and all vehicles stored therein, and the persons and property of owners of towed vehicles, against damage, injury, theft or other loss.

6.6 Fines. Without limiting City's other rights and remedies set forth in this License, if Licensee violates any of the following provisions governing its use of the Premises contained in this License or the Towing Agreement, City may impose a fine of $300 per day during which Licensee is in violation of any of the specified provisions: Sections 2, 6, 7, 8, 11, 19, 22, and 24 of this License; and Sections 4.9 through 4.16 of the Towing Agreement. City may also impose this fine for Licensee's failure to submit any documents, reports or other items as and when required by any provision of this License.

The fines described in this Section 6.6 shall run from the date of City's notice to Licensee of the violation and shall continue until the violation is cured. All such accrued amounts under this Section shall be payable to City on the first day of each month during the period that such fines accrue by wire transfer to a bank account specified by City in writing unless otherwise specified herein. The parties agree that the charges described above represent a fair and reasonable estimate of the administrative cost and expense which City will incur due to such violations by reason of its inspections, issuance of charges and other costs.

If City initiates notice of a fine under this Section, Licensee may appeal such charge to SFMTA's Director of Transportation within fourteen (14) days of the notice with evidence supporting Licensee's claim for relief from the fine imposed. SFMTA's Director of Transportation will respond within fourteen (14) days. Any failure of SFMTA's Director of Transportation to respond within the fourteen (14) day period shall be deemed a rejection of Licensee's claim for relief from the disputed fine. The provisions of Section 11.6.1 of the Towing Agreement shall not apply to fines imposed under this Section.

City's right to impose the foregoing fines shall be in addition to and not in lieu of any and all other rights under this License or at law or in equity; provided, however, that City agrees that if there is an Event of Default (as defined in Section 17 of this License), it will no longer impose any new fine with respect to such Event of Default. City shall have no obligation to Licensee to impose fines on or otherwise take action against any other person.

7. ALTERATIONS

7.1 Licensee's Alterations. Licensee shall not make, nor cause or suffer to be made, any alterations, installations, improvements, or additions to any improvements or to the Premises (including demolition or removal), installations, additions or improvements to the Premises, including but not limited to the installation of any appurtenances or trade fixtures affixed to the Premises, constructed by or on behalf of Licensee pursuant to the Towing Agreement, or any trailers, signs, roads, trails, driveways, parking areas, curbs, walks fences walls, stairs, poles, plantings or landscaping, (collectively, "Improvements" or Alterations," which words are interchangeable as used in this License) without first obtaining City's written approval and any required approvals of regulatory agencies having jurisdiction over the Premises. All Alterations shall be done at Licensee's expense in accordance with plans and specifications approved by City, only by duly licensed and bonded contractors or mechanics approved by City, and subject to any conditions that City may reasonably impose. City may require Licensee, at Licensee's expense, to obtain the prior written approval of City's Arts Commission with respect to any Alterations, to the extent the Arts Commission has jurisdiction over the design of such proposed alterations under City's Charter Section 5.103. All Alterations shall be subject to the following conditions:

7.1.1 All Alterations shall be constructed in a good and workerlike manner and in compliance with all applicable building, zoning and other laws, and in compliance with the terms of and the conditions imposed in any regulatory approval;

7.1.2 All Alterations shall be performed with reasonable dispatch, delays beyond the reasonable control of Licensee excepted; and

7.1.3 At the completion of the construction of the Alterations, Licensee shall furnish one (1) set of "as-built" drawings of the same made on or to the Premises. Unless otherwise stated as a condition of the regulatory approval, this requirement may be fulfilled by the submittal after completion of the Alterations of a hand-corrected copy of the approved permit drawing(s).

7.2 Title to Improvements. Except for Licensee's Personal Property (as defined in Section 7.3), or as may be specifically provided to the contrary in approved plans, all Alterations, equipment, or other property attached or affixed to or installed in the Premises at the Commencement Date or, by Licensee with the advance approval of City during the Term, shall, at City's sole discretion, remain City's property without compensation to Licensee or be removed at the termination of this License. Licensee may not remove any such Alterations at any time during or after the Term unless City so requests pursuant to Section 23 (Surrender of Premises), below.

7.3 Licensee's Personal Property. All furniture, trade fixtures, office equipment and articles of movable personal property installed in the Premises by or for the account of Licensee, without expense to City, and that can be removed without structural or other damage to the Premises (collectively, "Licensee's Personal Property") shall be and remain Licensee's property. Licensee may remove Licensee's Personal Property at any time during the Term, subject to the provisions of Section 23 (Surrender of Premises), below. Licensee shall pay any taxes or other impositions levied or assessed upon Licensee's Personal Property, at least ten (10) days prior to delinquency, and shall deliver satisfactory evidence of such payment to City upon request.

7.4 City's Alterations of the Building and Building Systems. City reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas of the Premises or any other part of the Building or the heating, ventilating, air conditioning, plumbing,

electrical, fire protection, life safety, security and other mechanical, electrical and communications systems located at the Premises ("Building Systems"), provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the Permitted Use set forth in Section 6.1 (Permitted Use) unless otherwise required under the Lease.

7.5 Removal of Alterations. At City's election made in accordance with this Section 7.5, Licensee shall be obligated at its own expense to remove and relocate or demolish and remove (as Licensee may choose) any or all Alterations which Licensee has made to the Premises, including without limitation all telephone wiring and equipment installed by Licensee. Licensee shall repair, at its own expense, in good workerlike fashion any damage occasioned thereby.

7.5.1 Notice of Removal. Prior to the termination of this License, City shall give written notice to Licensee specifying the Alterations or portions thereof that Licensee shall be required to remove and relocate or demolish and remove from the Premises, in accordance with this Section 7.5 (herein "Notice of Removal"). If termination is the result of loss or destruction of the Premises or any improvements thereon, City shall deliver said Notice of Removal to Licensee within a reasonable time after the loss or destruction. If Licensee fails to complete such demolition or removal on or before the termination of this License, City may perform such removal or demolition at Licensee's expense, and Licensee shall reimburse City upon demand therefor.

7.5.2 Removal of Non-Permitted Improvements. If Licensee constructs any Alterations to the Premises without City's prior written consent or without complying with this Section 7, then, in addition to any other remedy available to City, City may require Licensee to remove, at Licensee's expense, any or all such Alterations and to repair, at Licensee's expense and in good workerlike fashion, any damage occasioned thereby. Licensee shall pay any special inspection fees required by the City for inspecting any Alterations performed by or for Licensee without required permits.

7.5.3 Alterations Not Subject to Removal. In conjunction with a request to make an Alteration under Section 7.1 above, Licensee may submit a request for a City determination of whether a proposed Alteration would or would not be required to be removed upon expiration or termination of this License. Licensee acknowledges that such a determination will be based, in part, on whether Caltrans would require the removal of the proposed Alteration upon expiration or termination of the Lease. This Section 7.5.3 shall not apply to Alterations that are required by any regulatory authority to conform the Premises or any building thereon to a requirement of statute, ordinance or regulation.

8. REPAIRS AND MAINTENANCE

8.1 Licensee's Repairs. Licensee shall maintain, at its sole expense, the Premises in good repair and working order and in a clean, secure, safe and sanitary condition. Licensee shall promptly make all repairs and replacements: (a) at its sole expense, (b) by licensed contractors or qualified mechanics approved by City, (c) so that the same shall be at least equal in quality, value and utility to the original work or installation, (d) in a manner and using equipment and materials that will not interfere with or impair the use or occupation of the Premises, and I in accordance with the Lease and all applicable laws, rules and regulations (collectively, "Applicable Law"). Licensee hereby waives all rights to make repairs at City's expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

8.2 Removal of Refuse. All refuse, including tires, non-salvageable vehicle parts and litter, shall be removed from the Premises on a regular basis by an authorized refuse collection company. All trash areas shall be effectively screened from view and maintained in orderly manner. All trash and refuse containers shall be maintained in approved enclosures.

8.3 Storm Water Pollution Prevention. Licensee agrees to effect mechanisms to control storm water pollution at the Premises to the reasonable satisfaction of City, which mechanism may include

(by way of example and not limitation) good housekeeping and materials management practices, preventing run-on and run-off from materials storage areas, maintenance areas, or areas where contaminants may be present, installation and maintenance of catchments or absorbent pads in storm water drains located at or servicing the Premises, or other pollution prevention practices appropriate to the facility and operations. Documentation of Licensee's pollution prevention practices shall be provided as part of the Maintenance Plan. Licensee shall comply with all storm water pollution control regulations applicable to the Property, including those set forth in Section 5.11 of the Lease, and shall prepare and submit all storm water permit applications and storm water pollution control plans required for the Premises under any Applicable Law.

8.4 Repair of Any Damage. In the event that damage to any of the improvements to the Premises which are Licensee's obligation to maintain by reason of ordinary wear and tear or deterioration results in such improvements not meeting the standard of maintenance required by City for such uses as Licensee is making of the Premises, then Licensee shall have the independent responsibility for, and shall promptly undertake such maintenance or repair and complete the same with due diligence. If Licensee fails to do so after reasonable notice in writing from City, then in addition to any other remedy available to City, City may make such maintenance or repairs and Licensee shall reimburse City therefor. The City, in its sole discretion, may obtain reimbursement for damages from the Performance Surety Bond. Should the City obtain reimbursement for damages from the Performance Surety Bond, Licensee shall promptly restore the Performance Surety Bond to its original amount.

9. LIENS AND ENCUMBRANCES

9.1 Liens. Licensee shall keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished or obligations incurred by or for Licensee. In the event Licensee does not, within twenty (20) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, City shall have, in addition to all other remedies, the right, but not the obligation, to cause the lien to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by City and all expenses reasonably incurred by it in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to City by Licensee within thirty (30) days of demand by City. City shall have the right to post on the Premises any notices that City may deem proper for the protection of City, the Premises from mechanics' and materialmen's liens. Licensee shall give to City at least fifteen (15) days' prior written notice of commencement of any repair or construction on the Premises.

9.2 Encumbrances. Licensee shall not create, permit or suffer any liens or encumbrances affecting any portion of the Premises, the Property or City's interest therein or under this License.

10. UTILITIES AND SERVICES

10.1 Utilities and Services. Sewer, water, janitor service, telecommunications services and any other utilities or services shall be acquired and paid by Licensee, including the initial hook up to said utilities and services.

10.2 Utility Maintenance. Licensee shall be obligated, at its sole cost and expense, to repair and maintain in good operating condition all utilities located within the Premises and all utilities installed by Licensee (whether within or outside the Premises). If Licensee requests City to perform such maintenance or repair, whether emergency or routine, City may charge Licensee for the cost of the work performed at the then prevailing standard rates, and Licensee agrees to pay said charges to City promptly upon billing. Licensee shall pay for repair of utilities located outside the Premises (regardless of who installed the same) which are damaged by or adversely affected by Licensee's use of such utility and shall be responsible for all damages, liabilities and claims arising therefrom. The parties agree that any and all utility improvements shall become part of the realty and are not trade fixtures.

10.3 Mandatory or Voluntary Restrictions. . In the event any law, ordinance, code or governmental or regulatory guideline imposes mandatory or voluntary controls on City or the Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this License, or in the event City is required or elects to make alterations to any part of the Building in order to comply with such mandatory or voluntary controls or guidelines, such compliance and the making of such alterations shall in no event entitle Licensee to any damages, relieve Licensee of the obligation to perform each of its other covenants hereunder or constitute or be construed as a constructive or other eviction of Licensee. City shall have the right at any time to install a water meter in the Premises or otherwise to measure the amount of water consumed on the Premises, and the cost of such meter or other corrective measures and the installation and maintenance thereof shall be paid for by Licensee.

11. COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS

11.1 Compliance with Laws.

11.1.1 Licensee shall promptly comply, at its sole expense, with all present or future laws, judicial decisions, orders, regulations and requirements of all governmental authorities relating to the Premises or the use or occupancy thereof, whether in effect at the time of the execution of this License or adopted at any time thereafter and whether or not within the present contemplation of the parties.

11.1.2 Licensee further understands and agrees that it is Licensee's obligation, at its sole cost, to cause the Premises and Licensee's uses thereof to be conducted in compliance with the Americans with Disabilities Act, 42 U.S.C.A.§§ 12101 et seq. and any other disability access laws, rules, and regulations. Licensee shall not be required to make any structural alterations in order to comply with such laws unless such alterations shall be occasioned, in whole or in part, directly or indirectly, by Licensee's Alterations, Licensee's manner of using the Premises, or any act or omission of Licensee, its Agents or Invitees. Any Alteration made by or on behalf of Licensee pursuant to the provisions of this Section shall comply with the provisions of Section 8.1 (Licensee's Repairs), above.

11.1.3 Licensee shall comply with all Fire Code requirements in its use and occupancy of the Premises.

11.1.4 The parties acknowledge and agree that Licensee's obligation to comply with all laws as provided herein is a material part of the bargained for consideration under this License. Licensee's obligation under this Section shall include, without limitation, the responsibility of Licensee to comply with Applicable Law by making substantial or structural repairs and modifications to the Premises (including any of Licensee's Alterations), regardless of, among other factors, the relationship of the cost of curative action to the fee under this License, the relative benefit of the repairs to Licensee or City and the degree to which the curative action may interfere with Licensee's use or enjoyment of the Premises. This section shall not apply to any non-compliance with laws relating to changes in use or configuration of the Premises requested by City.

11.2 Regulatory Approvals.

11.2.1 Responsible Party. Licensee understands and agrees that Licensee's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Licensee shall be solely responsible for obtaining any and all such regulatory approvals. Licensee shall not seek any regulatory approval without first obtaining the written consent of City hereunder. Licensee shall bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory

approval, other than any conditions that may arise out of Hazardous Materials in, on, or under any part of the Building or other portion of the Premises that were present immediately prior to July 1, 2016, to the extent that such regulatory conditions relate to property conditions existing at such time, and except to the extent that the regulatory conditions relate to Licensee's exacerbation of any pre-existing condition; provided, however, that City shall not be required to engage in any work or incur any costs necessary to secure any regulatory approval or satisfy any condition imposed by a regulatory agency. Any fines or penalties levied as a result of Licensee's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Licensee, and City shall have no liability, monetary or otherwise, for any such fines or penalties. As defined in Section 18.2 herein, Licensee shall Indemnify City and the other Indemnified Parties hereunder against all Losses arising in connection with Licensee's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.2.2 City Acting as Leasehold Owner of Real Property. Licensee further understands and agrees that City is entering into this License in its capacity as a leasehold owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this License shall limit in any way Licensee's obligation to obtain any required approvals from City departments, boards, agencies, or commissions having jurisdiction over the Premises or Licensee's activities at the Premises. By entering into this License, City is in no way modifying or limiting Licensee's obligation to cause the Premises to be used and occupied in accordance with all Applicable Law, as provided further above.

11.3 Compliance with City's Risk Management Requirements. Licensee shall not do anything, or permit anything to be done, in or about the Premises which would be prohibited by or increase the rates under a standard form fire insurance policy or subject City to potential premises liability. Licensee shall faithfully observe, at its expense, any and all requirements of City's Risk Manager with respect to Licensee's use and occupancy of the Premises, so long as such requirements do not unreasonably interfere with Licensee's use of the Premises.

12. SUBORDINATION

This License is and shall be subordinate to the Lease (including Caltrans' rights and City's obligations thereunder) and any reciprocal easement agreement, ground lease, facilities lease or other underlying leases or licenses and the lien of any mortgage or deed of trust, that may now exist or hereafter be executed affecting the Property, or any part thereof, or City's interest therein. Notwithstanding the foregoing, City or the holder shall have the right to subordinate any such interests to this License. Licensee agrees, however, to execute and deliver, upon demand by City and in the form requested by City, any additional documents evidencing the priority or subordination of this License.

13. INABILITY TO PERFORM

If City is unable to perform or is delayed in performing any of City's obligations under this License, by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond City's reasonable control, no such inability or delay shall constitute an actual or constructive eviction, in whole or in part, or entitle Licensee to any abatement or diminution of fee or relieve Licensee from any of its obligations under this License, or impose any liability upon City or its Agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Licensee's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby. Licensee hereby waives and releases any right to terminate this License under Section 1932, subdivision 1 of the California Civil Code or any similar law, statute or ordinance now or hereafter in effect.

14. DAMAGE AND DESTRUCTION

If all or any portion of the Premises is damaged by fire or other casualty, City shall have no obligation to repair the Premises. City shall provide Licensee with a copy of the notice City receives from Caltrans of Caltrans' estimated time to restore such damage (the "Caltrans Repair Notice") within ten (10) days of City's receipt of the Caltrans Repair Notice. If the restoration time set forth in the Caltrans Repair Notice (the "Repair Period") is estimated to exceed two hundred ten (210) days, City shall have the right to terminate this License by delivering written notice of such termination to Licensee within thirty (30) days of City's delivery of the Caltrans Repair Notice to Licensee, in which event this License shall terminate as of the date specified in such termination notice.

If at any time during the last twelve (12) months of the Term of this License all or any portion of the Premises is damaged or destroyed, then Licensee may terminate this License by giving written notice to City of its election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, Licensee may terminate only if such damage or destruction substantially impairs its use or occupancy of the Premises for general office purposes. The effective date of termination shall be specified in the notice of termination, which date shall not be more than thirty (30) days from the date of the notice.

14.1 City Repairs. Notwithstanding anything to the contrary in this License, City shall have no obligation to repair the Premises in the event the damage or destruction, and in no event shall City be required to repair any damage to Licensee's Personal Property or any paneling, decorations, railings, floor coverings, or any Alterations installed or made on the Premises by or at the expense of Licensee.

14.2 Termination by City. In the event the Premises are substantially damaged or destroyed, Caltrans intends to restore the Premises pursuant to the Lease, and City intends to use the restored Premises for public purposes inconsistent with this License, City may terminate this License upon written notice to Licensee.

14.3 Licensee Waiver. City and Licensee intend that the provisions of this Section govern fully in the event of any damage or destruction and accordingly, City and Licensee each hereby waives the provisions of Section 1932, subdivision 2, Section 1933, subdivision 4, Section 1941, and Section 1942 of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect, to the extent such provisions apply.

15. EMINENT DOMAIN

15.1 Definitions.

15.1.1 "Taking" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under law. A Taking may occur pursuant to the recording of a final order of condemnation, or by voluntary sale or conveyance in lieu of condemnation or in settlement of a condemnation action.

15.1.2 "Date of Taking" means the earlier of (i) the date upon which title to the portion of the Premises taken passes to and vests in the condemner or (ii) the date on which Licensee is dispossessed.

15.1.3 "Award" means all compensation, sums or anything or value paid, awarded or received for a Taking, whether pursuant to judgment, agreement, settlement or otherwise.

15.2 General. If during the Term there is any Taking of all or any part of the Premises or any interest in this License, the rights and obligations of Licensee shall be determined pursuant to this Section. City and Licensee intend that the provisions hereof govern fully Licensee's rights in the event of a Taking and accordingly, Licensee hereby waives any right to terminate this License in

whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

15.3 Total Taking; Automatic Termination. If there is a total Taking of the Premises, then this License shall terminate as of the Date of Taking.

15.4 Partial Taking; Election to Terminate.

15.4.1 If there is a Taking of any portion (but less than all) of the Premises, then this License shall terminate in its entirety under either of the following circumstances: (i) if all of the following exist: (A) the partial Taking renders the remaining portion of the Premises unsuitable for continued use by Licensee for the permitted uses described in Section 6.1, (B) the condition rendering the Premises unsuitable either is not curable or is curable but neither City nor Caltrans is willing or able to cure such condition, and (C) Licensee elects to terminate; or (ii) if City elects to terminate.

15.4.2 If Licensee elects to terminate under the provisions of this Section 15, Licensee shall do so by giving written notice to the City before or within thirty (30) days after the Date of Taking, and thereafter this License shall terminate upon the later of the thirtieth (30th) day after such written notice is given or the Date of Taking.

15.5 License Fee: Award. Upon termination of this License pursuant to an election under Section 15.4 above, then City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of Licensee's interest under this License), and Licensee shall have no claim against City for the value of any unexpired term of this License, provided that Licensee may make a separate claim for compensation, and Licensee shall receive any Award made specifically to Licensee, for Licensee's relocation expenses or the interruption of or damage to Licensee's business or damage to Licensee's Personal Property.

15.6 Partial Taking: Continuation of License. If there is a partial Taking of the Premises under circumstances where this License is not terminated in its entirety under Section 15.4 above, then this License shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of the License interest created by this License), and Licensee shall have no claim against City for the value of any unexpired term of this License, provided that Licensee may make a separate claim for compensation, and Licensee shall receive any Award made specifically to Licensee, for Licensee's relocation expenses or the interruption of or damage to Licensee's business or damage to Licensee's Personal Property.

15.7 Temporary Takings. Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to all or any part of the Premises for a limited period of time not in excess of one hundred eighty (180) consecutive days, this License shall remain unaffected thereby, and Licensee shall continue to pay all fees and to perform all of the terms, conditions and covenants of this License. In the event of such temporary Taking, Licensee shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total fee owing by Licensee for the period of the Taking, and City shall be entitled to receive the balance of any Award.

16. ASSIGNMENT AND SUBLETTING

Licensee shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Licensee), voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer (collectively, "Assignment") any part of its interest in or rights with respect to the Premises, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet or license any portion of the Premises (collectively, "Subletting"), without City's prior written consent in each instance.

17. DEFAULT; REMEDIES

17.1 Events of Default. Any of the following shall constitute an event of default by Licensee hereunder (each, an "Event of Default"):

17.1.1 A failure to pay any amount payable under this License when due, and such failure continues for three (3) days after the date of written notice by City. However, City shall not be required to provide such notice with respect to more than two delinquencies and any such failure by Licensee after Licensee has received two (2) such notices shall constitute a default by Licensee hereunder without any further action by City or opportunity of Licensee to cure except as may be required by Section 1161 of the California Code of Civil Procedure.

17.1.2 A failure to comply with any other covenant, condition or representation under this License and such failure continues for fifteen (15) days after the date of written notice by City, provided that if such default is not capable of cure within such fifteen (15) day period, Licensee shall have a reasonable period to complete such cure if Licensee promptly undertakes action to cure such default within such 15-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of notice of default from City. City shall not be required to provide such notice with respect to more than two defaults and after the second notice any subsequent failure by Licensee shall constitute an Event of Default;

17.1.3 A vacation or abandonment of the Premises for a continuous period in excess of five (5) business days;

17.1.4 An uncured event of default under the Towing Agreement;

17.1.5 An appointment of a receiver to take possession of all or substantially all of the assets of Licensee, or an assignment by Licensee for the benefit of creditors, or any action taken or suffered by Licensee under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted, if any such receiver, assignment or action is not released, discharged, dismissed or vacated within sixty (60) days; or

17.1.6 Licensee 's failure to pay City for its staff costs incurred as a result of a notice of violation or other regulatory order to Licensee pursuant to Section 24.10 of this License within thirty (30) days, or to replenish the Performance Surety Bond or the Environmental Oversight Deposit (as defined in Section 24.11 of this License) if drawn upon.

17.2 City Rights Upon Default. Upon the occurrence of an Event of Default by Licensee, City shall have the right to terminate the License in addition to the following rights and all other rights and remedies available to City at law or in equity:

17.2.1 The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Licensee's right to possession of the Premises. City's efforts to mitigate the damages caused by Licensee's breach of this License shall not waive City's rights to recover damages upon termination.

17.2.2 The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), allowing City to continue this License in effect and to enforce all its rights and remedies under this License for so long as City does not terminate Licensee's right to possession, if Licensee has the right to sublet or assign, subject only to reasonable limitations. For purposes hereof, none of the following shall constitute a termination of Licensee's right of possession: acts of maintenance or preservation; efforts to relet the Premises or the appointment of a receiver upon City's initiative to protect its interest under this License; withholding consent to an Assignment or Sublicense, or terminating an Assignment or Sublicense, if the withholding or termination does not violate the rights of

Licensee specified in subdivision (b) of California Civil Code Section 1951.4. If City exercises its remedy under California Civil Code Section 1951.4, City may from time to time sublet or license the Premises or any part thereof for such term or terms (which may extend beyond the Term) and at such rent or fee and upon such other terms as City may in its sole discretion deem advisable, with the right to make alterations and repairs to the Premises. Upon each such subletting or sublicensing, Licensee shall be liable for any amounts due hereunder, as well as the cost of such subletting or sublicensing and such alterations and repairs incurred by City and the amount, if any, by which fee owing hereunder for the period of such subletting or sublicensing (to the extent such period does not exceed the Term) exceeds the amount to be paid as rent or fee for the Premises for such period pursuant to such subletting or sublicensing. No action taken by City pursuant to this subsection shall be deemed a waiver of any default by Licensee, or to limit City's right to terminate this License at any time.

17.2.3 The right to have a receiver appointed for Licensee upon application by City to take possession of the Premises and to apply any fees or rental collected from the Premises and to exercise all other rights and remedies granted to City pursuant to this License.

17.3 City's Right to Cure Licensee's Defaults. If Licensee defaults in the performance of any of its obligations under this License, then City may, at its sole option, remedy such default for Licensee's account and at Licensee's expense by providing Licensee with three (3) days' prior written or oral notice of City's intention to cure such default (except that no such prior notice shall be required in the event of an emergency as determined by City). Such action by City shall not be construed as a waiver of such default or any rights or remedies of City, and nothing herein shall imply any duty of City to do any act that Licensee is obligated to perform. Licensee shall pay to City upon demand, all reasonable costs, damages, expenses or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such default. Licensee's obligations under this Section shall survive the termination of this License.

17.4 Security Deposit. On or before the Commencement Date, Licensee shall provide to the City, and shall maintain throughout the term of this License and for a period of at least ninety (90) days after the Expiration Date, a security deposit as follows (collectively, the "Security Deposit") as security for the faithful performance of all terms, covenants and conditions of this License and the Towing Agreement: (i) the Performance Bond described in Section 14.9 of the Towing Agreement and (ii) the Maintenance Deposit described in Section 14.14 of the Towing Agreement. Licensee agrees that City may (but shall not be required to) apply the Security Deposit in whole or in part to remedy any damage to the Premises or the Improvements (if any) caused by Licensee, its Agents or Invitees, or any failure of Licensee to perform any other terms, covenants or conditions contained in this License, without waiving any of City's other rights and remedies hereunder or at Law or in equity. City's obligations with respect to the Security Deposit are solely that of debtor and not trustee. The amount of the Security Deposit shall not be deemed to limit Licensee's liability for the performance of any of its obligations under this License.

18. WAIVER OF CLAIMS; INDEMNIFICATION

18.1 Limitation on City's Liability: Waiver of Claims. Except for any Pre-2016 Conditions (as defined in Section 24.3) or Non-Licensee Hazardous Materials (as defined in Section 24.8), City shall not be responsible for or liable to Licensee, and Licensee hereby assumes the risk of, and waives and releases City and its Agents from all Claims (as defined below) for, any injury, loss or damage to any person or property in or about the Premises by or from any cause whatsoever including, without limitation, (i) any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises which are not occupied by City, (ii) theft, (iii) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (iv) stopped, leaking or defective Building Systems, (v) Building defects, and (vi) any other acts, omissions or causes. Nothing herein shall relieve City from liability caused solely and directly by the gross negligence or willful misconduct of City or its Agents, but City shall not be liable under any circumstances for any consequential, incidental or punitive damages.

18.2 Licensee's Indemnity. Except for any Pre-2016 Conditions or Non-Licensee Hazardous Materials, Licensee, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless ("Indemnify") the City and County of San Francisco, including, but not limited to, all of its boards; commissions, departments, agencies and other subdivisions, and Caltrans, and all of their Agents, and their respective heirs, legal representatives, successors and assigns (individually and collectively, the "Indemnified Parties"), and each of them, from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses, including, without limitation, direct and vicarious liability of every kind (collectively, "Claims"), incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, including, without limitation, employees of Licensee, or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Property; (b) any default by Licensee in the observation or performance of any of the terms, covenants or conditions of this License to be observed or performed on Licensee's part; (c) the use or occupancy or manner of use or occupancy of the Premises by Licensee, its Agents or Invitees or any person or entity claiming through or under any of them; (d) the condition of the Premises; (e) any construction or other work undertaken by Licensee on the Premises whether before or during the Term of this License; or (f) any acts, omissions or negligence of Licensee, its Agents or Invitees, in, on or about the Premises or the Property, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under any Applicable Law in effect on or validly retroactive to the date of this License and further except only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and the Indemnified Party's costs of investigating any Claim. Licensee specifically acknowledges and agrees that it has an immediate and independent obligation to defend the Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Licensee by an Indemnified Party and continues at all times thereafter. Licensee's obligations under this Section shall survive the termination of the License.

19. INSURANCE

19.1 Licensee's Personal Property. Licensee shall be responsible, at its expense, for separately insuring Licensee's Personal Property.

19.2 City's Self Insurance. Licensee acknowledges that City self-insures against casualty, property damage and public liability risks and agrees that City may at its sole election, but shall not be required to, carry any third party insurance with respect to the Premises or otherwise.

19.3 Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by Licensee's policies of insurance and any third party insurance that City elects to carry with respect to the Premises, City and Licensee each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Premises or the contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the Premises carried by Licensee does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Licensee shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against City or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

20. ACCESS BY CITY

City reserves for itself and any of its designated Agents, the right to enter the Premises at all reasonable times, with or without advance notice, including, without limitation, in order to (i) oversee or inspect Licensee's operations or conduct any business with Licensee; (ii) show the

Premises to prospective Licensees or other interested parties, to post notices of non-responsibility, to conduct any environmental audit of Licensee's use of the Premises, to repair, alter or improve any part of the Building, Building Systems or the Premises, and for any other lawful purpose; or (iii) whenever City believes that emergency access is required. City shall have the right to use any means that it deems proper to open doors in an emergency in order to obtain access to any part of the Premises, and any such entry shall not be construed or deemed to be a forcible or unlawful entry into or a detainer of, the Premises, or an eviction, actual or constructive, of Licensee from the Premises or any portion thereof. Licensee shall not alter any lock or install any new or additional locking devices without the prior written consent of City. City shall at all times have a key with which to unlock all locks installed in the Premises (excluding Licensee's vaults, safes or special security areas, if any, designated by Licensee in writing to City).

21. LICENSEE'S CERTIFICATES

Licensee, at any time, and from time to time upon not less than ten (10) days' prior notice from City, shall execute and deliver to City or to any party designated by City a certificate stating: (a) that Licensee has accepted the Premises, (b) the Commencement Date and Expiration Date of this License, (c) that this License is unmodified and in full force and effect (or, if there have been modifications, that the License is in full force and effect as modified and stating the modifications), (d) whether or not there are then existing any defenses against the enforcement of any of Licensee's obligations hereunder (and if so, specifying the same), (e) whether or not there are any defaults then existing under this License (and if so specifying the same), (f) the dates, if any, to which any amounts owing under this License have been paid, and (g) any other information that may be required.

22. PREMISES MAINTENANCE REQUIREMENTS

The "Maintenance Plan" shall mean the Maintenance Plan that is a portion of the Approved Operations Manual required under Section VII of Appendix A of the Towing Agreement. Licensee shall faithfully comply with the Maintenance Plan, and any violation of the Maintenance Plan shall be a violation of this Section 22. The Maintenance Plan shall include, at a minimum, the elements described in this Section 22.

22.1 Maintenance of Pavement. Licensee shall maintain the pavement in the Premises in good condition, including the vehicle and parts storage area, in order to prevent Releases of Hazardous Materials (as those terms are defined below) into or onto the Premises, the remainder of the Property, or the environment. Licensee shall inspect the pavement at least quarterly and shall record in written form the dates and times of such inspections, the name or names of the persons conducting the inspections, and any damage discovered to the pavement and its location. Licensee shall promptly repair any cracked or broken pavement and shall report such damage and repair to City. City shall have the right to enter and inspect the Premises from time to time to ensure Licensee's compliance with the terms of this License, including, without limitation, this Section 22.1 and Section 22.2 below.

(a) Licensee must furnish at its own cost sealed concrete pads and hazardous waste containment systems for removing and storing residual fluids and batteries from vehicles;

(b) Licensee shall clean up and remove all leaked or spilled fluids immediately upon discovery or upon notice by City in accordance with the Maintenance Plan.

(c) Licensee shall only store vehicles and parts in areas with pavement in good condition. Draining must take place on a sealed concrete pad with a containment system to collect residual fluids.

(d) Licensee must ensure that paving, including maintenance and repair, shall protect existing or future groundwater monitoring wells on the Premises.

22.2 Plan and Reporting. In addition to the requirements in Section 22.1 above, the Maintenance Plan shall provide for ongoing inspection, spill and drip response procedures, a maintenance schedule for pavement maintenance and repair of cracks and other identified deficiencies, staff training protocols, and supervised video or photo documentation of initial surface conditions and exit surface conditions. In addition to pavement maintenance, the Maintenance Plan shall include other property management protocols, including but not limited to, maintenance of fencing, lighting, signage and permanent or temporary buildings. The Maintenance Plan shall also include a reporting schedule, with submittal of reports at least quarterly, documenting maintenance performed. Such reports shall include, the following information:

(a) An initial survey of pavement condition as of October 1, 2016;

(b) Surface type and surface conditions at time of repair, including photographs of pre- and post-repair conditions;

(c) Repair procedure performed;

(d) Cost of repairs performed; and

(e) A final survey of pavement condition at the time of termination of Term.

23. SURRENDER OF PREMISES

Upon the Expiration Date or other termination of the Term of this License, Licensee shall immediately peaceably quit and surrender to City the Premises together with all Alterations approved by City in good order and condition, free of debris and any Hazardous Materials deposited on the Premises and in the condition it was in as of October 1, 2016, except for normal wear and tear after Licensee's having made the last necessary repair required on its part under this License, and further except for any portion of the Premises condemned and any damage and destruction for which Licensee is not responsible hereunder. The Premises shall be surrendered free and clear of all liens and encumbrances other than liens and encumbrances existing as of the October 1, 2016, and any other encumbrances created by City.

Immediately before the Expiration Date or other termination of this License, Licensee shall remove all of Licensee's Personal Property as provided in this License, and repair any damage resulting from the removal. Notwithstanding anything to the contrary in this License, City can elect at any time prior to the Expiration Date or within thirty (30) days after termination of this License, to require Licensee to remove, at Licensee's sole expense, all or part of Licensee's Alterations or other improvements or equipment constructed or installed by or at the expense of Licensee, or any vehicles that City may in its sole and absolute discretion authorize to be stored on the Premises after termination of this License, together with any Hazardous Materials contained within such vehicles.

Licensee shall promptly remove such items and shall repair, at its expense, any damage to the Premises resulting from the performance of its removal obligations pursuant to this Section. Licensee's obligations under this Section shall survive the Expiration Date or other termination of this License. Any items of Licensee's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this License may, at City's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by law. Any expenses or costs incurred by City to discharge liens, remove Licensee's Personal Property or Alterations, or repair any damage for which Licensee is responsible shall be charged against Licensee's Security Deposit.

Concurrently with the surrender of the Premises, Licensee shall, if requested by City, execute, acknowledge and deliver to any instrument reasonably requested by City to evidence or otherwise effect the termination of Licensee's interest to the Premises and to effect such transfer or vesting of title to the Alterations or equipment which remain part of the Premises.

24. HAZARDOUS MATERIALS

24.1 Definitions. As used herein, the following terms shall have the meanings set forth below:

24.1.1 "Environmental Laws" shall mean any present or future federal, state, local or administrative law, rule, regulation, order or requirement relating to Hazardous Material (including, without limitation, their generation, use, handling, transportation, production, disposal, discharge or storage), or to health and safety, industrial hygiene or the environment, including, without limitation, soil, air and groundwater conditions, including without limitation Article 21 of the San Francisco Health Code.

24.1.2 "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health, welfare or safety or to the environment. Hazardous Material includes, without limitation, any material or substance listed or defined as a "hazardous substance", or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to the Carpenter-Presley-Tanner Hazardous Substance Account Act, as amended, (Cal. Health & Safety Code Sections 25300 et seq.) or pursuant to the Hazardous Waste Control Law, as amended, (Cal. Health & Safety Code Sections 25100 et seq.) or pursuant to the Porter-Cologne Water Quality Control Act, as amended, (Cal. Water Code Sections 13000 et seq.) or pursuant to Section 25501(o) of the California Health and Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

24.1.3 "Indemnify" shall mean, whenever any provision of this Section 24 requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), the Indemnitor shall be obligated to defend, indemnify, hold harmless and protect the Indemnitee, its officers, employees, agents, stockholders, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to Indemnify such Indemnitee, whether such act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; provided that no Indemnitor shall be obligated to Indemnify any Indemnitee against any Loss from the negligence or intentional wrongful acts or omissions of such Indemnitee, or such Indemnitee's agents, employees or contractors. If a Loss is attributable partially to the negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), such Indemnitee shall be entitled to Indemnification for that part of the Loss not attributable to such Indemnitee's (or its agents, employees or contractors) negligent or intentionally wrongful acts or omissions.

24.1.4 "Investigate and Remediate" (also **"Investigation"** and **"Remediation"**) shall mean the undertaking of any activities to determine the nature and extent of Hazardous Material that may be located in, on, under or about the Premises or surrounding property or that has been, is being or threaten to be Released into the environment, and to clean up, remove, contain, treat, stabilize, monitor or otherwise control such Hazardous Material.

24.1.5 "Losses" shall mean any and all claims, demands, losses, damages, liens, liabilities, injuries, deaths, penalties, fines, lawsuits and other proceedings, judgments and awards rendered therein, and costs and expenses, including, but not limited to, reasonable attorneys' fees.

24.1.6 "Release" when used with respect to Hazardous Material shall include any actual, threatened or imminent spilling, leaking, pumping, pouring, emitting, emptying,

discharging, injecting, escaping, leaching, dumping, or disposing into or inside the Premises, or in, on, under or about any other part of the Premises or into the environment.

24.2 No Hazardous Materials. Licensee covenants and agrees that neither Licensee nor any of its Agents, Employees or Invitees shall cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated, processed, produced, packaged, treated, emitted, discharged or disposed of in, on or about the Premises, or transported to or from the Premises without (i) the prior written consent of City, which consent shall not be unreasonably withheld so long as Licensee demonstrates to City's reasonable satisfaction that such Hazardous Material is necessary to Licensee's business, will be handled in a manner which strictly complies with all Environmental Laws and will not materially increase the risk of fire or other casualty to the Premises, and (ii) the prior written consent of Caltrans. City and Licensee understand that the vehicles transported to and stored at the Property will contain and may partially consist of Hazardous Materials. Licensee shall immediately notify City if and when Licensee learns or has reason to believe a Release of Hazardous Material on or about any part of the Premises or the remainder of the Property has occurred that may require any Investigation or Remediation. Licensee shall not be responsible for the safe handling of Hazardous Materials introduced on the remainder of the Property during the Term of the Towing Agreement by City or its Agents.

Without limiting any other obligation of Licensee, if acts or omissions of Licensee results in any Hazardous Materials Release or contamination of the Premises, Licensee shall, at its sole expense, promptly take all action that is necessary to return the Premises to the condition existing prior to the introduction of such Hazardous Material in, on, under or about the Premises; provided that City approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions could not potentially have any material adverse effect upon the Premises.

24.3 Licensee's Environmental Indemnity. If Licensee breaches any of its obligations contained in this Section 24, or, if any act, omission or negligence of Licensee, its Agents, Employees or Invitees, results in any Release of Hazardous Material in, on or under any part of the Premises, or the remainder of the Property or the Building, then, Licensee shall, on behalf of itself and its successors and assigns, Indemnify the City from and against all Claims (including, without limitation, claims for injury to or death of a person, damages, liabilities, losses, judgments, penalties, fines, regulatory or administrative actions, damages for decrease in value of the Premises or the remainder of the Building or the Property, the loss or restriction of the use of rentable or usable space or of any amenity of the Premises, or the remainder of the Building or the Property, damages arising from any adverse impact on marketing of any such space, restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or groundwater in, on or under the Premises, the remainder of the Property, or in any Improvements, and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees and costs) arising during or after the Term of the Towing Agreement and relating to such breach or Release. The foregoing Indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate any Release of Hazardous Material, and to restore the Premises or the remainder of the Building or Property to their prior condition. This indemnification of City by Licensee includes, but is not limited to, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration work requested by Caltrans or required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or groundwater in, on or under the Premises, the remainder of the Property or in any Alterations. Licensee's obligations hereunder shall survive the termination of this License. Licensee's obligations under this Section do not include an indemnity for Claims arising as a result of Hazardous Materials (or other conditions alleged to be in violation of any Environmental Law) in, on, or under any part of the Premises or the remainder of the Building or Property that were present prior to October 1, 2016, or to the extent that such Claims relate to conditions existing prior to October 1, 2016 (collectively, any "Pre-2016 Conditions"), except to the extent that Licensee exacerbates any Pre-2016 Condition or introduces such Hazardous Materials or conditions. In the event any action or proceeding is brought against City by reason of a claim arising out of any Loss, Claim, injury or damage suffered on or about the Premises or the remainder of the Building or the Property for which Licensee has Indemnified the City and upon written notice from the City, Licensee shall at its sole expense answer and otherwise

defend such action or proceeding using counsel approved in writing by the City. City shall have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the City in connection with this License or the Premises or the remainder of the Building or Property. The provisions of this paragraph shall survive the termination of this License with respect to any Loss occurring prior to or upon termination. Licensee and City shall afford each other a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

24.4 Compliance with Environmental Laws. In addition to its obligations under Section 11 above, and without limiting any such obligations or the foregoing, Licensee shall comply with the following requirements or more stringent requirements in any Environmental Laws:

24.4.1 Any Hazardous Materials found and identified as such in the towed vehicles which are not typically part of a towed vehicle, will be removed from the vehicle to an appropriate storage location within 72 hours.

24.4.2 No Hazardous Materials shall be voluntarily or involuntarily disposed of onto or into the ground or into the sewer system.

24.4.3 In no event shall Hazardous Waste (as defined by Title 22 of the California Code of Regulations, as amended) accumulate on the Premises for longer than 90 days. Drums used to store Hazardous Materials shall not be stacked more than two drums high. City will not consider fluids that are normally contained within a vehicle to be Hazardous Wastes so long as they remain contained within the vehicle.

24.4.4 Licensee shall store all Hazardous Materials above ground, not in underground storage tanks.

24.4.5 An emergency response plan, emergency response employee training plan and an inventory of Hazardous Materials stored at the Premises by or for Licensee shall be provided to City.

24.5 Information Requests: City may from time to time request, and Licensee shall be obligated to provide, information reasonably adequate for City to determine that any and all Hazardous Materials are being handled in a manner which complies with all Environmental Laws.

24.6 Damaged Vehicles. Licensee shall inspect all vehicles before storing them on the Premises to make a good faith effort to determine that vehicles are not leaking fluids, including but not limited to gasoline, battery acid, oil, transmission and transfer case fluids, brake and clutch fluids, and coolant. Licensee shall secure vehicles that have been severely damaged due to collision or vandalism so that parts do not fall off and fluids do not leak. Leaking vehicles shall be drained of the leaking fluid on a sealed cement pad, which Licensee shall maintain free of build-up of Hazardous Materials. Licensee shall immediately clean-up and remove all leaked or spilled fluids, whether within or outside of sealed or contained areas. Licensee shall treat all such fluids and used cleaning materials as hazardous waste and shall dispose of them in accordance with Environmental Laws and Section 24.3 above. Parts that have fallen off a vehicle shall be placed inside the vehicle in a manner that minimizes damage to the vehicle. Licensee shall not be deemed an owner or operator of any damaged vehicle, but shall be deemed the owner of any fluids that leak from such damaged vehicles on or about the Premises.

24.7 Fire Prevention Measures. Licensee shall comply with the following fire prevention measures.

24.7.1 Welding and torch cutting shall be in conformance with the City of San Francisco Fire Code.

24.7.2 No smoking will be allowed in the Premises except in designated areas consistent with Applicable Law.

24.7.3 No crushing, burning of wrecked or discarded motor vehicles or waste materials shall be allowed.

24.7.4 Motor vehicles, parts of motor vehicles, junk, waste, or other materials shall not be stored, displayed, or kept in a manner that could hinder or endanger firefighting efforts and operations.

24.7.5 One or more aisles, at least 30 inches wide (or any greater width required under Applicable Law), must be maintained in the area where vehicles are stored, to permit access by the San Francisco Fire Department to all parts of the vehicle storage area. Entrances and exits to the area shall be at least 15 feet in width (or any greater width required under Applicable Law).

24.8 Requirement to Remove. Prior to termination of this License or during the Term if required by a governmental agency, Licensee, at its sole cost and expense, shall remove any and all Hazardous Materials introduced in, on, under or about the Premises by Licensee, its Agents or Invitees during the Term or during any prior time in which Licensee occupied the Premises. Licensee shall not be obligated to remove any Hazardous Material introduced onto the Premises before, during, or after the Term of the Towing Agreement by (1) City or its officers, directors, employees, or Agents or (2) any prior occupants, tenants, property owners, individuals, corporations or entities (collectively, any "Non-Licensee Hazardous Material"). If Licensee demonstrates its compliance with the property maintenance requirements of this License, the Maintenance Plan described in Section 22 above, there shall be a rebuttable presumption that any Hazardous Materials in, on, under or about the Premises were not introduced by Licensee, its Agents or Invitees. However, if Licensee does not demonstrate its compliance with the property maintenance requirements of this License or of the Maintenance Plan, then there shall be a rebuttable presumption that such Hazardous Materials are Licensee's responsibility to the extent that the presence of such Hazardous Materials bear a reasonable causal relationship to Licensee's non-compliance in their composition and location.

Prior to the termination of this License, at Licensee's expense, City and Licensee shall conduct a joint inspection of the Premises for the purpose of identifying Hazardous Materials on the Premises which can be determined to have been introduced by the Licensee and which Licensee is therefore required to remove. City's failure to conduct an inspection or to detect conditions if an inspection is conducted shall not be deemed to be a release of any liability for environmental conditions subsequently determined to be Licensee's responsibility.

24.9 Licensee's Environmental Condition Notification Requirements.

24.9.1 Notification of Any Release or Discharge. Licensee shall notify City in writing as required in the Maintenance Plan if Licensee learns or has reason to believe that a Release of any Hazardous Materials on or about any part of the Premises has occurred, whether or not the Release is in quantities that under any law would require the reporting of such Release to a governmental or regulatory agency.

24.9.2 Notification of Any Notice, Investigation, or Claim. Licensee shall also immediately notify City in writing of, and shall contemporaneously provide City with a copy of:

(a) Any written notice of Release of Hazardous Materials on the Premises that is provided by Licensee or any subtenant or other occupant of the Premises to a governmental or regulatory agency;

(b) Any notice of a violation, or a potential or alleged violation, of any Environmental Law that is received by Licensee or any subtenant or other occupant of the Premises from any governmental or regulatory agency;

(c) Any inquiry, investigation, enforcement, cleanup, removal or other action that is instituted or threatened by a governmental or regulatory agency against Licensee or subtenant or other occupant of the Premises and that relates to the Release of Hazardous Materials on or from the Premises;

(d) Any claim that is instituted or threatened by any third party against Licensee or any subtenant or other occupant of the Premises and that relates to any Release of Hazardous Materials on or from the Premises; and

(e) Any notice of the loss of any environmental operating permit by Licensee or any subtenant or other occupant of the Premises.

24.9.3 Notification of Regulatory Actions.

(a) Licensee shall immediately notify City in writing of any inspection by any governmental or regulatory agency with jurisdiction over Hazardous Materials and shall provide City with a copy of any inspection record, correspondence, reports and related materials from or to the agency.

(b) Licensee must notify City of any meeting, whether conducted face-to-face or telephonically, between Licensee and any regulatory agency regarding an environmental regulatory action. City will be entitled to participate in any such meetings at its sole election.

(c) Licensee must notify City of any environmental regulatory agency's issuance of an environmental regulatory approval. Licensee's notice to City must state the issuing entity, the environmental regulatory approval identification number, and the date of issuance and expiration of the environmental regulatory approval. In addition, Licensee must provide City with a list of any environmental regulatory approval, plan or procedure required to be prepared and/or filed with any regulatory agency for operations on the Property, including a "Spill Pollution Control and Countermeasure Plan." Licensee must provide City with copies of any of the documents within the scope of this Section upon City's request.

(d) Licensee must provide City with copies of all communications with regulatory agencies and all non-privileged communications with other persons regarding potential or actual Hazardous Materials Claims arising from Licensee's or its Agents' or Invitees' operations at the Property. Upon City's request, Licensee must provide City with a log of all communications withheld under a claim of privilege that specifies the parties to and subject of each withheld communication.

(e) City may from time to time request, and Licensee will be obligated to provide, information reasonably adequate for City to determine that any and all Hazardous Materials are being handled in a manner that complies with all Environmental Laws.

24.10 Use of Security Deposit. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations and Licensee does not achieve compliance with the notice of violation or order to the satisfaction of the issuing agency within the time specified by the agency or by the City if the agency does not specify a timeframe, the City may draw upon the Security Deposit for purposes of ensuring regulatory compliance. In addition, the City may draw upon the Security Deposit in order to reimburse the City for any fine or other charge assessed against the City related to any notice of violation or other regulatory order issued to Licensee. The City may also draw upon the Security Deposit in order to reimburse the City for costs associated with City's environmental assessments or corrective action, which may be performed at the City's sole discretion.

24.11 Environmental Oversight Deposit. Upon execution of the Towing Agreement, Licensee shall provide to the City, and shall maintain and replenish throughout the Term of this License and for a period of at least ninety (90) days after expiration of this License, an "Environmental Oversight Deposit" in the amount of $10,000, which shall be deposited in an account specified and held by City, as security for the faithful performance of all of the terms, covenants and conditions of this Section. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations and such notice is not cured within fourteen (14) days, the City may (but shall not be required to) apply draw from the Environmental Oversight Deposit to reimburse the City for staff costs incurred by the City while inspecting site conditions and enforcing and administering the Hazardous Materials provisions of the License. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations, and such notice is cured within fourteen (14) days, the City may draw from the Environmental Oversight Deposit in an amount not to exceed $500 to reimburse the City for staff costs incurred by the City. City will submit an invoice to Licensee for any such costs, and Licensee will pay such invoiced amounts within thirty (30) days to replenish the Environmental Oversight Deposit. Licensee's failure to pay such costs within thirty (30) days, or to replenish the Environmental Oversight Deposit if drawn upon, will constitute an Event of Default.

Any City withdrawal of funds from the Environmental Oversight Deposit pursuant to this Section shall be without waiving any of City's other rights and remedies hereunder or at law or in equity. Licensee agrees that City's obligations with respect to the Environmental Oversight Deposit are solely that of debtor and not trustee. City shall not be required to keep the Environmental Oversight Deposit separate from its general funds, and Licensee shall not be entitled to any interest on the Environmental Oversight Deposit. The amount of the Environmental Oversight Deposit shall not be deemed to limit Licensee's liability for the failure to comply with any of its Hazardous Materials provisions under this License.

24.12 Hazardous Substance Disclosure. California law requires landlords to disclose to tenants the presence or potential presence of certain hazardous materials and hazardous substances prior to lease. Accordingly, Licensee is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, asbestos, PCBs, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde.

25. GENERAL PROVISIONS

25.1 Notices. Any notice, demand, consent or approval required under this License shall be effective only if in writing and given by delivering the notice in person or by sending it first-class certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: (a) Licensee (i) at the Premises, or (ii) at any place where Licensee or any Agent of Licensee may be found if sent subsequent to Licensee's vacating, abandoning or surrendering the Premises; or (b) City at City's address set forth in the Basic License Information; or (c) to such other address as either City or Licensee may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Section at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made if sent by overnight courier, or upon the date personal delivery is made. For convenience of the parties, copies of such notices, demands, consents or approvals may also be given by email message sent to the email addresses set forth in the Basic License Information or such other email addresses as may be provided from time to time; however, neither party may give official or binding notice by facsimile. All other written communications may be by first class U.S. mail, postage pre-paid, by email or by facsimile addressed with the contact information set forth in the Basic License Information.

25.2 No Implied Waiver. No failure by City to insist upon the strict performance of any obligation of Licensee under this License or to exercise any right, power or remedy arising out of a

breach thereof, irrespective of the length of time for which such failure continues, no acceptance of any other amounts owing under this License during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of City, shall constitute a waiver of such breach or of City's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this License. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. Any consent by City hereunder shall not relieve Licensee of any obligation to secure the consent of City in any other or future instance under the terms of this License.

25.3 Amendments. Neither this License nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by both parties hereto.

25.4 Authority. Each of the persons executing this License on behalf of Licensee does hereby covenant and warrant that Licensee is a duly authorized and existing entity, that Licensee has and is qualified to do business in California, that Licensee has full right and authority to enter into this License, and that each and all of the persons signing on behalf of Licensee are authorized to do so. Upon City's request, Licensee shall provide City with evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

25.5 Parties and Their Agents; Approvals.. The words "City" and "Licensee" as used herein shall include the plural as well as the singular. If there is more than one Licensee, the obligations and liabilities under this License imposed on Licensee shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party, and the term "Invitees" when used with respect to Licensee shall include the clients, customers, invitees, guests, licensees, assignees or sublicensees of Licensee. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through SFMTA unless otherwise provided in this License, subject to Applicable Law.

25.6 Interpretation of License.

25.6.1 The captions preceding the articles and sections of this License and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this License.

25.6.2 This License has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this License.

25.6.3 Provisions in this License relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day.

25.6.4 Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this License, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

25.6.5 Any capitalized term used herein shall be interpreted in accordance with the definition set forth in this License. If the capitalized term is not defined in this License, it shall be interpreted in accordance with the definition set forth in the Towing Agreement or the Lease.

25.6.6 Any inconsistency between this License, the Towing Agreement, and the Lease with respect to Licensee's performance of its obligations under the Towing Agreement shall be resolved by giving precedence in the following order: (a) the Towing Agreement; (b) the Lease; (c) this License.

25.7 Successors and Assigns. Subject to the provisions of this License relating to Assignment and subletting, the terms, covenants and conditions contained in this License shall bind and inure to the benefit of City and Licensee and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any sale, assignment or transfer by City named herein (or by any subsequent Licensor) of its interest in the Premises as owner or lessee, including any transfer by operation of law, City (or any subsequent Licensor) shall be relieved from all subsequent obligations and liabilities arising under this License subsequent to such sale, assignment or transfer.

25.8 Severability. If any provision of this License or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this License, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this License shall be valid and be enforceable to the fullest extent permitted by law.

25.9 Governing Law. This License shall be construed and enforced in accordance with the laws of the State of California.

25.10 Entire Agreement. This License, together with all exhibits hereto, which are made a part of this License, and the Towing Agreement, constitute the entire agreement between City and Licensee about the subject matters hereof and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Towing Agreement and the terms of this License with respect to Licensee's activities and obligations at the Premises, the terms of the License shall control. All prior written or oral negotiations, understandings and agreements are merged herein. The parties further intend that this License shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this License. Licensee hereby acknowledges that neither City nor City's Agents have made any representations or warranties with respect to the Premises or this License except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Licensee by implication or otherwise unless expressly set forth herein.

25.11 Attorneys' Fees. In the event that either City or Licensee fails to perform any of its obligations under this License or in the event a dispute arises concerning the meaning or interpretation of any provision of this License, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this License, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

25.12 Holding Over. Should Licensee hold over without City's consent, such holding over shall not be deemed to extend the Term or renew this License, but such term thereafter shall continue as a month-to-month occupancy. Such occupancy shall be on all the terms and conditions set forth in this License; provided that on or before the first day of each month of such month-to-month occupancy, Licensee shall pay to City rent (the "Holdover Fee") equal to the rent paid by City under the Lease for such month, multiplied by a fraction with a numerator of the square footage of the Premises and the denominator of the square footage of the Property. Licensee shall pay the Holdover Fee to City without prior demand and without any deduction, setoff or counterclaim whatsoever.

The Holdover Fee shall be paid by wire transfer to the account designated by City in writing. If the first or last day of such month-to-month occupancy occurs on a day other than the first day of a calendar month, then the Holdover Fee for such fractional month shall be prorated based on a thirty (30) day month.

All other payments shall continue under the terms of this License. In addition, Licensee shall be liable for all damages incurred by City as a result of such holding over. No holding over by Licensee, whether with or without consent of City, shall operate to extend this License except as otherwise expressly provided, and this Section shall not be construed as consent for Licensee to retain possession of the Premises beyond such month to month holdover occupancy. For purposes of this Section, "possession of the Premises" shall continue until, among other things, Licensee has delivered all keys to the Premises to City, has fully vacated the Premises, and completely fulfilled all obligations required of it upon termination of the License as set forth in this License, including, without limitation, those concerning the condition and repair of the Premises.

25.13 Time of Essence. Time is of the essence with respect to all provisions of this License in which a definite time for performance is specified.

25.14 Cumulative Remedies. All rights and remedies of either party hereto set forth in this License shall be cumulative, except as may otherwise be provided herein.

25.15 Provisions of License Surviving Termination. Termination of this License shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this License. This Section and the following Sections of this License shall survive termination or expiration of this License: Sections 2.1.4, 5, 6.6, 7, 12, 14, 17.2, 17.3, 18.1, 18.2, 23, 24.1, 24.2, 24.3, 24.5, 24.8, 24.9, 24.10, 24.11, 25.6, 25.7, 25.8, 25.9, 25.10, 25.11, 25.12, 25.14, 25.22, 25.26, 25.31.

25.16 Signs. Licensee agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Building or from the exterior of the Premises without City's prior written consent, which City may withhold or grant in its sole discretion.

25.17 Relationship of the Parties. City is not, and none of the provisions in this License shall be deemed to render City, a partner in Licensee's business, or joint venturer or member in any joint enterprise with Licensee. Neither party shall act as the agent of the other party in any respect hereunder. This License is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided.

25.18 Light and Air. Licensee covenants and agrees that no diminution of light, air or view by any structure that may hereafter be erected (whether or not by City) shall result in any liability of City to Licensee or in any other way affect this License or Licensee's obligations hereunder.

25.19 No Recording. Licensee shall not record this License or any memorandum hereof in the public records.

25.20 Drug-Free Workplace. Licensee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City premises. Licensee agrees that any violation of this prohibition by Licensee, its Agents or assigns shall be deemed a material breach of this License.

25.21 Public Transit Information. Licensee shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Licensee employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Licensee's sole expense.

25.22 Taxes, Assessments, Licenses, Permit Fees and Liens. (a) Licensee recognizes and understands that this License may create a possessory interest subject to property taxation and that Licensee may be subject to the payment of property taxes levied on such interest. (b) Licensee agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the License interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Licensee's usage of the Premises that may be imposed upon Licensee by law, all of which shall be paid when the same become due and payable and before delinquency. (c) Licensee agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Licensee, if so desiring, may have reasonable opportunity to contest the validity of the same.

25.23 Wages and Working Conditions. Licensee agrees that any person performing labor in connection with any Alteration that is a "public work" as defined under San Francisco Administrative Code Section 6.22(E) or California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) and that Licensee provides under this License shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco County. Licensee shall include in any contract for construction of such Alterations a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Licensee shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing such labor at the Premises.

25.24 Non-Discrimination in City Contracts and Benefits Ordinance..

25.24.1 Covenant Not to Discriminate. In the performance of this License, Licensee covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome, HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under this chapter against any employee of, any City employee working with, or applicant for employment with such contractor and shall require such contractor to include a similar provision in all subcontracts executed or amended thereunder.

25.24.2 Subcontracts. Licensee shall include in all assignment, subleases or other subcontracts relating to the Premises a non-discrimination clause applicable to such assignee, sublicensee or other subcontractor in substantially the form of subsection (a) above. In addition, Licensee shall incorporate by reference in all assignments, subleases, and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all assignees, sublicensees and other subcontractors to comply with such provisions. Licensee's failure to comply with the obligations in this subsection shall constitute a material breach of this License.

25.24.3 Non-Discrimination in Benefits. Licensee does not as of the date of this License and will not during the Term, in any of its operations in San Francisco, where the work is being performed for the City, or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

25.24.4 CMD Form. As a condition to this License, Licensee shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division.

25.24.5 Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the License of City property are incorporated in this Section 25.24 by reference and made a part of this License as though fully set forth herein. Licensee shall comply fully with and be bound by all of the provisions that apply to this License under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Licensee understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this License may be assessed against Licensee and/or deducted from any payments due Licensee.

25.25 Non-Liability of City Officials, Employees and Agents. No elective or appointive board, commission, member, officer, employee or other Agent of City shall be, personally liable to Licensee, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Licensee, its successors and assigns, or for any obligation of City under this License.

25.26 No Relocation Assistance: Waiver of Claims. Licensee acknowledges that it will not be a displaced person at the time this License is terminated or expires by its own terms, and Licensee fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this License with respect to a Taking.

25.27 MacBride Principles - Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this License. By signing this License, Licensee confirms that Licensee has read and understood that City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

25.28 Tropical Hardwood and Virgin Redwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Licensee shall not provide any items to the construction of Alterations, or otherwise in the performance of this License which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Licensee fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Licensee shall be liable for liquidated damages for each violation in any amount equal to Licensee's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

25.29 Pesticide Prohibition. Licensee shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which **(i)** prohibit the use of certain pesticides on City property, **(ii)** require the posting of certain notices and the maintenance of certain records regarding pesticide usage and **(iii)** require Licensee to submit an integrated pest management ("IPM") plan to SFMTA that **(a)** lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Licensee may need to apply to the Premises

during the terms of this License, **(b)** describes the steps Licensee will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and **(c)** identifies, by name, title, address and telephone number, an individual to act as the Licensee's primary IPM contact person with the City. In addition, Licensee shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

25.30 First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance, San Francisco Administrative Code, Chapter 83, which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Licensee shall comply with the requirements of the First Source Agreement between Licensee and City's First Source Hiring Administration contained in Section 10.9 of the Agreement for Towing and Storage of Abandoned and Illegally Parked Vehicles.

25.31 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, Licensees' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

25.32 Conflicts of Interest. Through its execution of this License, Licensee acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Licensee becomes aware of any such fact during the Term, Licensee shall immediately notify the City.

25.33 Charter Provisions. This License is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

25.34 Prohibition of Cigarette or Tobacco Advertising. Licensee acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of cigarettes and tobacco products, or (ii) encourage people not to smoke or to stop smoking.

25.35 Prohibition of Alcoholic Beverage Advertising. Licensee acknowledges and agrees that no advertising or sale of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

25.36 Requiring Health Benefits for Covered Employees. Unless exempt, Licensee agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this License as though fully set forth. The text of the HCAO is available on the web at http://www.sfgov.org/olse/hcao. Capitalized terms used in this Section and not defined in this License shall have the meanings assigned to such terms in Chapter 12Q.

25.36.1 For each Covered Employee, Licensee shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Licensee chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

25.36.2 Notwithstanding the above, if the Licensee is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection 25.36.1 above.

25.36.3 Licensee's failure to comply with the HCAO shall constitute a material breach of this License. City shall notify Licensee if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this License for violating the HCAO, Licensee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Licensee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

25.36.4 Any Subcontract entered into by Licensee shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Licensee shall notify City when it enters into such a Subcontract and shall certify to the City that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Licensee shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Licensee based on the Subcontractor's failure to comply, provided that City has first provided Licensee with notice and an opportunity to obtain a cure of the violation.

25.36.5 Licensee shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Licensee's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

25.36.6 Licensee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

25.36.7 Licensee shall keep itself informed of the current requirements of the HCAO.

25.36.8 Licensee shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Sublicensees, as applicable.

25.36.9 Licensee shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five (5) business days to respond.

25.36.10 City may conduct random audits of Licensee to ascertain its compliance with HCAO. Licensee agrees to cooperate with City when it conducts such audits.

25.36.11 If Licensee is exempt from the HCAO when this License is executed because its amount is less than Twenty-Five Thousand Dollars ($25,000), but Licensee later enters into an agreement or agreements that cause Licensee's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars ($75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the

agreement that causes the cumulative amount of agreements between Licensee and City to be equal to or greater than Seventy-Five Thousand Dollars ($75,000) in the fiscal year.

25.37 Notification of Limitations on Contributions. Through its execution of this License, Licensee acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City, whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six (6) months after the date the contract is approved. Licensee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Licensee further acknowledges that the prohibition on contributions applies to each Licensee; each member of Licensee's board of directors, and Licensee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Licensee; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Licensee. Additionally, Licensee acknowledges that Licensee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Licensee further agrees to provide to City the name of each person, entity or committee described above.

25.38 Preservative-Treated Wood Containing Arsenic. Licensee may not purchase preservative-treated wood products containing arsenic in the performance of this License unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Licensee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Licensee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

25.39 Resource Efficient City Buildings. Licensee acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to the environmental design and construction of buildings owned or leased by City. Licensee hereby agrees that it shall comply with all applicable provisions of such code sections.

25.40 Food Service Waste Reduction. Licensee agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this License as though fully set forth herein. This provision is a material term of this License. By entering into this License, Licensee agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Licensee agrees that the sum of One Hundred Dollars ($100.00) liquidated damages for the first breach, Two Hundred Dollars ($200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars ($500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time of the Commencement Date. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Licensee's failure to comply with this provision.

25.41 Criminal History Inquiries for Employment.

25.41.1 Unless exempt, Licensee agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; "Chapter 12 T"), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Licensee who would be or are performing work at the Premises.

25.41.2 Licensee shall incorporate by reference the provisions of Chapter 12T in all sublicenses of some or all of the Premises, and shall require all sublicensees to comply with such provisions. Licensee's failure to comply with the obligations in this subsection shall constitute a material breach of the License Agreement.

25.41.3 Licensee and sublicensees shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

25.41.4 Licensee and sublicensees shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (c) above. Licensee and sublicensees shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

25.41.5 Licensee and sublicensees shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Premises, that the Licensee and sublicensees will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

25.41.6 Licensee and sublicensees shall post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises or other workplace at which it is posted.

25.41.7 Licensee and sublicensees understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T or this Permit, including but not limited to a penalty of $50 for a second violation and $100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of the License Agreement.

25.41.8 If Licensee has any questions about the applicability of Chapter 12T, it may contact the SFMTA for additional information. SFMTA may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

25.42 Bottled Drinking Water. Unless exempt, Licensee agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San

Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of the License as though fully set forth.

25.43 Non-Liability of City Officials, Employees and Agents. No elective or appointive board, commission, member, officer, employee or other Agent of City shall be personally liable to Tenant, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Tenant, its successors and assigns, or for any obligation of City under this Agreement.

25.44 Drug-Free Workplace. Licensee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City premises. Licensee agrees that any violation of this prohibition by Licensee, its Agents or assigns shall be deemed a material breach of this License.

26. COUNTERPARTS. This License may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

27. EFFECTIVE DATE. This License shall be effective as of the Commencement Date.

28. COOPERATIVE DRAFTING. This License has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the License reviewed and revised by legal counsel. No party shall be considered the drafter of this License, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this License.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LICENSE, LICENSEE ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LICENSE UNLESS AND UNTIL THE BOARD OF DIRECTORS OF CITY'S MUNICIPAL TRANSPORTATION AGENCY SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THE TOWING AMENDMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED IN THIS LICENSE. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LICENSE SHALL BE NULL AND VOID IF THE BOARD OF DIRECTORS OF CITY'S MUNICIPAL TRANSPORTATION AGENCY DO NOT APPROVE THE TOWING AMENDMENT AND THIS LICENSE IN ITS RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS LICENSE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

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IN WITNESS WHEREOF, the parties hereto have executed this License on the day first mentioned above.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through its
Municipal Transportation Agency

By: _____
Edward D. Reiskin
Director of Transportation

Date: 9.21.16

San Francisco Municipal Transportation Agency
Board of Directors
Resolution No: 16-121
Adopted: September 6, 2016
Attest: R Boomer
Secretary, SFMTA Board of Directors

Approved as to Form:

Dennis J. Herrera, City Attorney

By: _____
Robert K. Stone Deputy City Attorney

LICENSEE:

TEGSCO, LLC, a California limited liability company
d.b.a. San Francisco AutoReturn

By: _____
John Wicker, President and CEO

Date: 9/15/16

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 2560 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

new facility to serve as the Long-term Storage Facility, and may require Contractor to relocate to that facility in accordance with the terms and conditions of 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"), which is attached hereto as Appendix F, 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 new facility to serve as the Primary Storage Facility, and may require Contractor to relocate to that facility in accordance with the terms and conditions of the 7th Street License.

2b. Section 4.9 (Performance Surety Bond) is replaced in its entirety to read as follows:

4.9 Performance Surety Bond. Upon the Effective Date of this Agreement, Contractor shall provide to the City, and shall maintain throughout the Term of this Agreement and for a period of at least ninety (90) days after expiration or termination of this Agreement, or until all of Contractor's obligations have been performed under this Agreement, whichever date is later, a performance guarantee of two million dollars ($2,000,000), which shall consist of a Performance Surety Bond of two million dollars ($2,000,000) in favor of the City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency, guarantying the faithful performance by Contractor of this Agreement, of the 2650 Bayshore License, of the 7th Street License, and of the covenants, terms and conditions of this Agreement the 2650 Bayshore License, and the 7th Street License, including all monetary obligations set forth herein, and including liquidated damages and any dishonesty on the part of Contractor.

The City may draw upon such Performance Surety Bond in circumstances which include, but are not limited to:

(a) To ensure regulatory compliance in the event that Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over Contractor's operations or the properties used by Contractor for the performance of this Agreement and Contractor does not achieve compliance with the notice of violation or order to the satisfaction of the issuing agency within the time specified by the agency, or by the City if the agency does not specify a timeframe.

(b) To reimburse the City for any fine or other charge assessed against the City related to any notice of violation or other regulatory order issued to Contractor.

(c) To reimburse the City for costs associated with City's environmental assessments or corrective action related to Contractor's violation of any of the requirements of Appendix D, the 2650 Bayshore License, or Appendix F, the 7th Street License, which may be performed at the City's sole discretion.

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(d) To satisfy any overdue payment obligations owed by Contractor to City pursuant to Appendices D or F.

(e) To satisfy fines assessed by City against Contractor pursuant to Appendices D or F.

(f) To compensate City for losses or damage to property caused by Contractor.

The Performance Surety Bond required by this Section 4.8 shall be issued on a form prescribed by City, which is attached hereto as Appendix E, and issued by a financial institution acceptable to the City in its sole discretion, which financial institution shall (a) be a bank, insurance or trust company doing business and having an office in the State of California, (b) have a combined capital and surplus of at least $25,000,000, and (c) be subject to supervision or examination by federal or state authority. If Contractor defaults with respect to any provision of this Agreement, City may, but shall not be required to, make its demand under said Performance Surety Bond for all or any portion thereof, to compensate City for any loss or damage which City may have incurred by reason of Contractor's default or dishonesty, including (but not limited to) any claim for fines or liquidated damages; provided, however, that City shall present its written demand to said bank, insurance or trust company for payment under said Performance Surety Bond only after City first shall have made its demand for payment directly to Contractor, and five (5) full days have elapsed without Contractor having made payment to City.

2c. Section 4.14 (Maintenance Deposit) is replaced in its entirety to read as follows:

4.14 Upon execution of this Agreement, Contractor shall deposit with City the amount of one hundred thousand dollars ($100,000) as a maintenance deposit. These funds may be used by City as specified in Appendices D and F, including but not limited to when maintenance required by Appendices D or F is not done in a timely manner or in accordance with the standards of this Agreement, including the standards of Appendices D or F. Contractor shall be responsible for replenishing this maintenance deposit fund to maintain a balance of one hundred thousand dollars ($100,000) within fifteen (15) days of any date that the fund falls below the minimum balance. Failure to replenish the maintenance deposit fund for more than forty-five (45) days shall be an Event of Default under Section 8.2 of this Agreement. Any interest accrued and earned on the maintenance deposit fund shall be retained by City.

2d. Section 4.16 (Environmental Oversight Deposit) is replaced in its entirety to read as follows:

4.16 Environmental Oversight Deposit. Upon the Effective Date of this Agreement, Contractor shall provide to the City, and shall maintain and replenish throughout the term of the property licenses set forth in Appendices D and F of this Agreement and for a period of at least ninety (90) days after termination or expiration of those licenses, an Environmental Oversight Deposit in the amount of ten thousand dollars ($10,000), which shall be deposited in an account specified by City. If Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the designated facilities or its operations, and such notice is not cured within fourteen (14) days, the City may draw from this deposit to reimburse the City for staff costs incurred by the City while inspecting site conditions and enforcing and administering the Hazardous Materials provisions of the licenses. If Contractor receives a

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notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the site and or its operations, and such notice is cured within fourteen (14) days, the City may draw from this deposit in an amount not to exceed $500 to reimburse the City for staff costs incurred by the City. The City will submit an invoice to Contractor for any such costs, and Contractor will pay such invoiced amounts within thirty (30) days to replenish the Environmental Oversight Deposit. Contractor's failure to pay such costs within thirty (30) days, or to replenish the Environmental Oversight Deposit if drawn upon, will constitute an Event of Default under Section 8.2 of this Agreement.

2e. Section 8.2 (Termination for Default; Remedies.) is replaced in its entirety to read as follows:

8.2 Termination for Default; Remedies.

Each of the following shall constitute an immediate event of default ("Event of Default") under this Agreement:

Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

3.5	Submitting False Claims
4.5	Assignment
4.9	Performance Bond
4.14	Maintenance Deposit
4.15	Claims Fund
4.16	Environmental Oversight Deposit
Article 5	Insurance and Indemnity
Article 7	Payment of Taxes
10.4	Nondisclosure of Private, Proprietary or Confidential Information
10.10	Alcohol and Drug-Free Workplace
11.10	Compliance with Laws

Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated by reference herein, and such default continues for a period of ten days after written notice thereof from to Contractor.

Contractor (i) is generally not paying its debts as they become due; (ii) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction; (iii) makes an assignment for the benefit of its creditors; (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property; or (v) takes action for the purpose of any of the foregoing.

A court or government authority enters an order (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with

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respect to any substantial part of Contractor's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Contractor.

On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, where applicable, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor: (i) all damages, losses, costs or expenses incurred by City as a result of an Event of Default; and (ii) any liquidated damages levied upon Contractor pursuant to the terms of this Agreement; and (iii), any damages imposed by any ordinance or statute that is incorporated into this Agreement by reference, or into any other agreement with the City.

All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

Any notice of default must be sent by registered mail to the address set forth in Article 11.

2f. Appendix F (Revocable License to Enter and Use Property at 450 7th Street) is hereby attached and incorporated into this Agreement as though fully set forth herein.

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

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 Edward D. Reiskin Director of Transportation San Francisco Municipal Transportation Agency Board of Directors Resolution No. 16-121 Adopted: SEPTEMBER 6, 2016 Attest: R. Boomer Secretary, SFMTA Board of Directors Approved as to Form: Dennis J. Herrera City Attorney By: Robert K. Stone Deputy City Attorney	TEGSCO, dba San Francisco AutoReturn John Wicker, President City vendor number: 66307

Appendices:

F: 7th Street License Agreement

APPENDIX F
TO THE TOWING AGREEMENT
BY AND BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
TEGSCO LLC., dba SAN FRANCISCO AUTORETURN
Granting a Revocable License for the Use of Certain Property

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APPENDIX F

TO THE TOWING AGREEMENT
BY AND BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
TEGSCO LLC., dba SAN FRANCISCO AUTORETURN

REVOCABLE LICENSE TO ENTER AND USE PROPERTY

THIS REVOCABLE LICENSE TO ENTER AND USE PROPERTY ("License"), between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), acting by and through its Municipal Transportation Agency ("SFMTA"), and TEGSCO, LLC, a California limited liability company dba San Francisco AutoReturn ("Licensee"), and dated as of October 1, 2016 is Appendix F to the Agreement for Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles between City and Licensee, dated for convenience as April 1, 2016 (the "Towing Agreement), which is incorporated herein by reference as if fully set forth herein.

RECITALS

This License is made with reference to the following facts:

A. City and Licensee are parties to the Towing Agreement for the towing and storage of abandoned and illegally parked vehicles.

B. City leases that certain real property commonly known as 450 7th Street, Parcel FLA 04-SF-80-11, San Francisco, California (the "Property") from State of California, Department of Transportation ("Caltrans") pursuant to an SF Parking Airspace Lease between City and Caltrans dated as of October 1, 2016, a copy of which is attached to this License as Attachment 1 (the "Lease").

C. City wishes to grant Licensee a license to use a portion of the Property shown on Attachment 2 (the "Premises"), pursuant to a revocable license between Licensee and City, to operate a Primary Storage Facility for towed vehicles as contemplated by the Towing Agreement.

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. BASIC LICENSE INFORMATION

The following is a summary of Basic License information (the "Basic License Information"). Each item below shall be deemed to incorporate all of the terms in this License pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this License, the more specific provision shall control.

Licensor:	CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION
Licensee:	TEGSCO, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY D.B.A. SAN FRANCISCO AUTORETURN
Property (Section 2.1):	That certain real property commonly known as 450 7th Street, San Francisco, California, as fully described in Exhibit A to the Lease (the "Property").

Building (Section 2.1):	The building located on the Property.
Premises (Section 2.1):	The portions of the Property and Building depicted on Attachment 2 that are not designated for the SFPD, and comprised of approximately 119,002 square feet.
Term (Section 4):	Commencement Date: October 1, 2016. Expiration Date: March 31, 2021, subject to any extension pursuant to Section 4.1.2 or any earlier termination of this License pursuant to the terms hereof.
Rent:	No rent is required for Licensee's use of the Premises pursuant to this License.
Permitted Use (Section 6.1):	Parking space for the storage and transfer of vehicles towed under the Towing Agreement, customer service center, dispatch of tow trucks, and office space for the administration of Licensee's operations under the Towing Agreement.
Utilities and Services (Section 10):	Obtained and paid by Licensee at its sole cost.
Security (Section 6.5):	Licensee shall be solely responsible for the security of the Premises.
Security Deposit (Section 17.4):	Provided under Sections 4.9 and 4.14 of the Towing Agreement.
Environmental Oversight Deposit (Section 24.11):	Provided under Section 4.16 of the Towing Agreement
Notices to the Parties: (Section 25.1)	Any notice, demand, consent or approval required under this License must be sent by first class certified U.S. mail with return receipt requested, or by overnight courier, return receipt requested, with postage pre-paid. All other written communications, unless otherwise indicated elsewhere in this License, may be by first class U.S. mail, by email, or by facsimile. All communications related to this License shall be addressed as follows:
To Licensee:	San Francisco AutoReturn 2650 Bayshore Blvd. Daly City, CA 94014 jwicker@authoreturn.com C/O John Wicker, CEO and President
To City:	City and County of San Francisco Attention: Lorraine Fuqua 1 South Van Ness Avenue, Third Floor San Francisco, CA 94102 telephone: 415-701-4678 facsimile: 415-701-4736 Email: lorraine.fuqua@sfmta.com

2. PREMISES

2.1 License Premises.

2.1.1 City confers to Licensee a revocable, personal, non-exclusive and non-possessory privilege to enter upon and use those certain premises identified in the Basic License Information and shown on Attachment 2, attached hereto and incorporated by reference as though fully set forth herein (collectively, the "Premises"), for the limited purpose and subject to the terms, conditions and restrictions set forth below. This License gives Licensee a license only, revocable at any time at the will of City, and notwithstanding anything to the contrary herein, this License does not constitute a grant by City of any ownership, leasehold, easement or other property interest or estate whatsoever in the Premises, or any portion thereof. The privilege given to Licensee under this License is effective only insofar as the rights of City in the Premises are concerned, and Licensee shall obtain any further permission necessary because of any other existing rights affecting the Premises. The area of the Premises specified in the Basic License Information shall be conclusive for all purposes hereof. The Premises shall include the land upon which the Premises is located and all other improvements on and appurtenances to such land.

2.1.2 City may, at City's sole and absolute discretion, relocate Licensee from any portion or all of the Premises to another location on the Property or other City property that City in its sole and absolute discretion deems suitable for the uses permitted hereunder; provided that such relocation shall not materially interfere with Licensee's ability to meet its obligations under the Towing Agreement. City shall arrange and pay for moving Licensee's equipment and personal property from the Premises to such new space. Once City completes such move, Licensee shall commence its Towing Agreement operations at the new space and the new location shall become part or all of the Premises hereunder. Licensee shall enter into any amendment requested by City to reflect such new location.

2.1.3 City may, at City's sole and absolute discretion, modify the original configuration of the Premises; provided that such modification shall not materially interfere with Licensee's ability to meet its obligations under the Towing Agreement, unless such modification is required under the Lease.

2.1.4 Licensee acknowledges that the interest of City in the Premises is limited to those rights conveyed to City pursuant to the Lease. Licensee hereby agrees to assume all responsibility for and be bound by all covenants, terms and conditions made by or applicable to City under the Lease, and shall not take any actions that would cause the City to be in default under the Lease. In the event there are any inconsistencies between the provisions of this License and the Lease, the provisions of the Lease shall govern Licensee's use of the Premises hereunder.

2.2 Subordinate to Lease. This License is expressly made subject and subordinate to all the terms, covenants and conditions of the Lease, which are incorporated herein by reference (collectively, the "Lease Terms"). Licensee agrees to use the Premises in accordance with the Lease Terms and not take or fail to take any act that City would be required to not take or take under the Lease to comply with the Lease Terms.

2.3 Performance of Lease Obligations. Licensee further agrees to assume the obligation for performance of all City's obligations under the Lease with respect to the Premises, except as may be specifically modified by this License and excluding City's obligation to pay rent to Caltrans under the Lease.

2.4 Amendments to Lease. Licensee agrees that City shall have the right to enter into amendments or modifications to the Lease without Licensee's prior written consent; provided, however, that if such proposed amendment or modification would materially affect Licensee's rights under this License, Licensee shall not be subject to such amendment or modification unless it

consents to be subject thereto in writing. In the event Licensee fails within fifteen (15) business days to respond in writing to City's written request for such consent, then Licensee shall be deemed without further notice to have consented to City's request for consent.

2.5 Contact with Caltrans. Licensee has no authority to contact Caltrans or make any agreement with Caltrans concerning the Premises or the Lease without City's prior written consent, and Licensee shall make payments of any charges payable by Licensee under this License only to City.

2.6 Caltrans Duties. The Lease describes Caltrans' duties with respect to the Property. City is not obligated to perform such Caltrans'' duties. If Caltrans fails to perform its duties, Licensee shall provide notice to City. In no event shall City incur any liability, or otherwise be responsible, nor shall there be any set-off, deduction or abatement of any amounts owed by Licensee to City pursuant to this License arising from Caltrans' failure to comply with its duties.

2.7 Termination of Lease. If the Lease is terminated for any reason during the Term, this License shall automatically terminate as of such Lease termination date.

3. INSPECTION OF PROPERTY; AS IS CONDITION

3.1 Inspection of Premises. Licensee represents and warrants that Licensee has conducted a thorough and diligent inspection and investigation of the Property and the suitability of the Premises for Licensee's intended use, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them. Licensee is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises is suitable for its operations and intended uses.

3.2 As Is Condition. WITHOUT WAIVING ANY OF LICENSEE'S RIGHTS ESTABLISHED IN SECTIONS 24.3 AND 24.8 BELOW, LICENSEE ACKNOWLEDGES AND AGREES THAT THE PREMISES ARE BEING LICENSED AND HAVE BEEN ACCEPTED IN THEIR "AS IS" AND "WITH ALL FAULTS" CONDITION, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, AND SUBJECT TO ALL APPLICABLE LAWS, RULES AND ORDINANCES GOVERNING THEIR USE, OCCUPANCY AND POSSESSION. LICENSEE ACKNOWLEDGES AND AGREES THAT NEITHER CITY NOR ANY OF ITS AGENTS HAVE MADE, AND CITY HEREBY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE RENTABLE AREA OF THE PREMISES, THE PHYSICAL, SEISMOLOGICAL OR ENVIRONMENTAL CONDITION OF THE PREMISES OR THE PROPERTY, THE PRESENT OR FUTURE SUITABILITY OF THE PREMISES FOR LICENSEE'S BUSINESS, OR ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES, INCLUDING, WITHOUT LIMITATION, AND IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3.3 Accessibility Inspection Disclosure. Licensee is hereby advised that the Premises have not been inspected by a Certified Access Specialist under California Civil Code Section 1938.

4. LICENSE TERM

4.1 Term.

4.1.1 The privilege given to Licensee pursuant to this License is temporary only and shall commence upon the Commencement Date (as described in the Basic License Information) and shall terminate on March 31, 2021, subject to extension pursuant to Section 4.1.2, or the date of earlier termination of this License pursuant to the terms of this License or the Towing Agreement (the "Expiration Date"). Without limiting any of its rights hereunder, City may at its sole option freely revoke this License at any time, without cause and without any obligation to pay any consideration to Licensee.

4.1.2 The original term of the Towing Agreement ends on March 31, 2021, subject to City's right to extend such term by up to five (5) years. If City extends the term of the Towing Agreement pursuant to Section 2.2 of the Towing Agreement, the term of this License shall be automatically extended to be the last day of the Towing Agreement term, and the word "Term" as used herein shall refer to the original five (5) year term and any extended term resulting from City's extension of the term of the Towing Agreement.

4.2 Early Termination. Without limiting any of its rights hereunder, City may at its sole option freely terminate this License as to all or a portion of the Premises without cause and without any obligation to pay any consideration to Licensee

5. FEES AND CHARGES

5.1 Rent. Licensee shall pay no rent to City for use of the Premises pursuant to this License; provided, however, that Licensee shall make the payments otherwise owed by Licensee to City pursuant to this License, including, but not limited to, any amounts owed to City pursuant to Sections 6.6, 9.1, 10.2, 17.3, and 24.11 of this License.

5.2 Late Charges. Notwithstanding that Licensee will pay no rent, Licensee is obligated to make other payments to City pursuant to this License. If Licensee fails to pay all or any portion of any payment to be made by Licensee to City pursuant to this License within five (5) days following the due date for such payment, such unpaid amount shall be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by City and Licensee, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Licensee, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and shall be paid to City together with such unpaid amount.

5.3 Default Interest. Any payment to be made by Licensee to City pursuant to this License, if not paid within five (5) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law. However, interest shall not be payable on late charges incurred by Licensee nor on any amounts on which late charges are paid by Licensee to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Licensee.

5.4 Deduction from Amounts Due. In the event Licensee fails to pay any payment due hereunder for more than ten (10) days following the due date, City may deduct and withhold the amount of such payment, together with the amount of applicable late charges and default interest as provided herein, from any monies in City's possession due Licensee pursuant to the Towing Agreement.

6. USE OF PREMISES

6.1 Permitted Use. Licensee shall use and continuously occupy the Premises during the Term solely for temporary storage and transfer of vehicles, customer service operations, dispatch of tow trucks, and related office use as necessary to meet its obligations under the Towing Agreement and for such other uses, if any, as may be specified in the Basic License Information, all to the extent permitted under the Lease Terms. Except as provided below, Licensee shall not use the Premises for any other purpose without the prior written approval of City, including, without limitation, the following: (a) crushing or dismantling; (b) maintenance or fueling of vehicles, except as otherwise may be permitted under the Maintenance Plan (as defined in Section 22); (c) selling vehicle parts from the Premises; (d) parking or storage of vehicles not covered under the Towing Agreement; or (e) parking for Licensee's employees, without the prior written approval of City and subject to availability of space necessary to fully perform Licensee's obligations under the Towing Agreement. All available space for vehicle parking shall be used for the purposes set forth in the Towing

Agreement, except as otherwise expressly approved by City pursuant to this License. The washing of vehicles shall be with cleansing agents that are biodegradable and non-toxic, and shall be in compliance with the Maintenance Plan. No advertising or signage may be placed in or about the Premises without the prior written permission of City.

6.2 Use of Equipment and Machinery. Licensee shall have the right to place on the Premises all necessary equipment and machinery in connection with the permitted use of the Premises. It is understood and agreed that City is not responsible for loss of or damage to any Licensee-owned equipment herein involved, unless caused by the sole negligence of City's officers, agents, and employees.

6.3 Limitation to Described Purpose. Licensee may occupy and use the Premises solely for the purpose of fulfilling its obligations under the Towing Agreement to store any vehicles towed pursuant to the terms of the Towing Agreement, and for incidental purposes related thereto. Adequate drop-off space must be provided so that tow and transport trucks can load and unload on the Premises. No loading, unloading, queuing, parking or storage of vehicles will be permitted on any remaining portion of the Property or any public streets or rights-of-way adjacent to the Property. All storage activities authorized by this License shall be restricted to the designated enclosed and visually screened area. Any use of the Premises by Licensee shall be subject to the requirements of the Maintenance Plan.

6.4 No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Licensee shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Licensee shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Licensee shall not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises or on or about the Property without the prior written permission of City.

6.5 Security. Licensee shall at all times provide security at a level acceptable to the City to protect the Premises and all vehicles stored therein, and the persons and property of owners of towed vehicles, against damage, injury, theft or other loss.

6.6 Fines. Without limiting City's other rights and remedies set forth in this License, if Licensee violates any of the following provisions governing its use of the Premises contained in this License or the Towing Agreement, City may impose a fine of $300 per day during which Licensee is in violation of any of the specified provisions: Sections 2, 6, 7, 8, 11, 19, 22, and 24 of this License; and Sections 4.9 through 4.16 of the Towing Agreement. City may also impose this fine for Licensee's failure to submit any documents, reports or other items as and when required by any provision of this License.

The fines described in this Section 6.6 shall run from the date of City's notice to Licensee of the violation and shall continue until the violation is cured. All such accrued amounts under this Section shall be payable to City on the first day of each month during the period that such fines accrue by wire transfer to a bank account specified by City in writing unless otherwise specified herein. The parties agree that the charges described above represent a fair and reasonable estimate of the administrative cost and expense which City will incur due to such violations by reason of its inspections, issuance of charges and other costs.

If City initiates notice of a fine under this Section, Licensee may appeal such charge to SFMTA's Director of Transportation within fourteen (14) days of the notice with evidence supporting Licensee's claim for relief from the fine imposed. SFMTA's Director of Transportation will respond within fourteen (14) days. Any failure of SFMTA's Director of Transportation to respond within the fourteen (14) day period shall be deemed a rejection of Licensee's claim for relief from the disputed fine. The provisions of Section 11.6.1 of the Towing Agreement shall not apply to fines imposed under this Section.

City's right to impose the foregoing fines shall be in addition to and not in lieu of any and all other rights under this License or at law or in equity; provided, however, that City agrees that if there is an Event of Default (as defined in Section 17 of this License), it will no longer impose any new fine with respect to such Event of Default. City shall have no obligation to Licensee to impose fines on or otherwise take action against any other person.

7. ALTERATIONS

7.1 Licensee's Alterations. Licensee shall not make, nor cause or suffer to be made, any alterations, installations, improvements, or additions to any improvements or to the Premises (including demolition or removal), installations, additions or improvements to the Premises, including but not limited to the installation of any appurtenances or trade fixtures affixed to the Premises, constructed by or on behalf of Licensee pursuant to the Towing Agreement, or any trailers, signs, roads, trails, driveways, parking areas, curbs, walks fences walls, stairs, poles, plantings or landscaping, (collectively, "Improvements" or Alterations," which words are interchangeable as used in this License) without first obtaining City's written approval and any required approvals of regulatory agencies having jurisdiction over the Premises. All Alterations shall be done at Licensee's expense in accordance with plans and specifications approved by City, only by duly licensed and bonded contractors or mechanics approved by City, and subject to any conditions that City may reasonably impose. City may require Licensee, at Licensee's expense, to obtain the prior written approval of City's Arts Commission with respect to any Alterations, to the extent the Arts Commission has jurisdiction over the design of such proposed alterations under City's Charter Section 5.103. All Alterations shall be subject to the following conditions:

7.1.1 All Alterations shall be constructed in a good and workerlike manner and in compliance with all applicable building, zoning and other laws, and in compliance with the terms of and the conditions imposed in any regulatory approval;

7.1.2 All Alterations shall be performed with reasonable dispatch, delays beyond the reasonable control of Licensee excepted; and

7.1.3 At the completion of the construction of the Alterations, Licensee shall furnish one (1) set of "as-built" drawings of the same made on or to the Premises. Unless otherwise stated as a condition of the regulatory approval, this requirement may be fulfilled by the submittal after completion of the Alterations of a hand-corrected copy of the approved permit drawing(s).

7.2 Title to Improvements. Except for Licensee's Personal Property (as defined in Section 7.3), or as may be specifically provided to the contrary in approved plans, all Alterations, equipment, or other property attached or affixed to or installed in the Premises at the Commencement Date or, by Licensee with the advance approval of City during the Term, shall, at City's sole discretion, remain City's property without compensation to Licensee or be removed at the termination of this License. Licensee may not remove any such Alterations at any time during or after the Term unless City so requests pursuant to Section 23 (Surrender of Premises), below.

7.3 Licensee's Personal Property. All furniture, trade fixtures, office equipment and articles of movable personal property installed in the Premises by or for the account of Licensee, without expense to City, and that can be removed without structural or other damage to the Premises (collectively, "Licensee's Personal Property") shall be and remain Licensee's property. Licensee may remove Licensee's Personal Property at any time during the Term, subject to the provisions of Section 23 (Surrender of Premises), below. Licensee shall pay any taxes or other impositions levied or assessed upon Licensee's Personal Property, at least ten (10) days prior to delinquency, and shall deliver satisfactory evidence of such payment to City upon request.

7.4 City's Alterations of the Building and Building Systems. City reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas of the Premises or any other part of the Building or the heating, ventilating, air conditioning, plumbing,

electrical, fire protection, life safety, security and other mechanical, electrical and communications systems located at the Premises ("Building Systems"), provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the Permitted Use set forth in Section 6.1 (Permitted Use) unless otherwise required under the Lease.

7.5 Removal of Alterations. At City's election made in accordance with this Section 7.5, Licensee shall be obligated at its own expense to remove and relocate or demolish and remove (as Licensee may choose) any or all Alterations which Licensee has made to the Premises, including without limitation all telephone wiring and equipment installed by Licensee. Licensee shall repair, at its own expense, in good workerlike fashion any damage occasioned thereby.

7.5.1 Notice of Removal. Prior to the termination of this License, City shall give written notice to Licensee specifying the Alterations or portions thereof that Licensee shall be required to remove and relocate or demolish and remove from the Premises, in accordance with this Section 7.5 (herein "Notice of Removal"). If termination is the result of loss or destruction of the Premises or any improvements thereon, City shall deliver said Notice of Removal to Licensee within a reasonable time after the loss or destruction. If Licensee fails to complete such demolition or removal on or before the termination of this License, City may perform such removal or demolition at Licensee's expense, and Licensee shall reimburse City upon demand therefor.

7.5.2 Removal of Non-Permitted Improvements. If Licensee constructs any Alterations to the Premises without City's prior written consent or without complying with this Section 7, then, in addition to any other remedy available to City, City may require Licensee to remove, at Licensee's expense, any or all such Alterations and to repair, at Licensee's expense and in good workerlike fashion, any damage occasioned thereby. Licensee shall pay any special inspection fees required by the City for inspecting any Alterations performed by or for Licensee without required permits.

7.5.3 Alterations Not Subject to Removal. In conjunction with a request to make an Alteration under Section 7.1 above, Licensee may submit a request for a City determination of whether a proposed Alteration would or would not be required to be removed upon expiration or termination of this License. Licensee acknowledges that such a determination will be based, in part, on whether Caltrans would require the removal of the proposed Alteration upon expiration or termination of the Lease. This Section 7.5.3 shall not apply to Alterations that are required by any regulatory authority to conform the Premises or any building thereon to a requirement of statute, ordinance or regulation.

8. REPAIRS AND MAINTENANCE

8.1 Licensee's Repairs. Licensee shall maintain, at its sole expense, the Premises in good repair and working order and in a clean, secure, safe and sanitary condition. Licensee shall promptly make all repairs and replacements: (a) at its sole expense, (b) by licensed contractors or qualified mechanics approved by City, (c) so that the same shall be at least equal in quality, value and utility to the original work or installation, (d) in a manner and using equipment and materials that will not interfere with or impair the use or occupation of the Premises, and I in accordance with the Lease and all applicable laws, rules and regulations (collectively, "Applicable Law"). Licensee hereby waives all rights to make repairs at City's expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

8.2 Removal of Refuse. All refuse, including tires, non-salvageable vehicle parts and litter, shall be removed from the Premises on a regular basis by an authorized refuse collection company. All trash areas shall be effectively screened from view and maintained in orderly manner. All trash and refuse containers shall be maintained in approved enclosures.

8.3 Storm Water Pollution Prevention. Licensee agrees to effect mechanisms to control storm water pollution at the Premises to the reasonable satisfaction of City, which mechanism may include

(by way of example and not limitation) good housekeeping and materials management practices, preventing run-on and run-off from materials storage areas, maintenance areas, or areas where contaminants may be present, installation and maintenance of catchments or absorbent pads in storm water drains located at or servicing the Premises, or other pollution prevention practices appropriate to the facility and operations. Documentation of Licensee's pollution prevention practices shall be provided as part of the Maintenance Plan. Licensee shall comply with all storm water pollution control regulations applicable to the Property, including those set forth in Section 5.11 of the Lease, and shall prepare and submit all storm water permit applications and storm water pollution control plans required for the Premises under any Applicable Law.

8.4 Repair of Any Damage. In the event that damage to any of the improvements to the Premises which are Licensee's obligation to maintain by reason of ordinary wear and tear or deterioration results in such improvements not meeting the standard of maintenance required by City for such uses as Licensee is making of the Premises, then Licensee shall have the independent responsibility for, and shall promptly undertake such maintenance or repair and complete the same with due diligence. If Licensee fails to do so after reasonable notice in writing from City, then in addition to any other remedy available to City, City may make such maintenance or repairs and Licensee shall reimburse City therefor. The City, in its sole discretion, may obtain reimbursement for damages from the Performance Surety Bond. Should the City obtain reimbursement for damages from the Performance Surety Bond, Licensee shall promptly restore the Performance Surety Bond to its original amount.

9. LIENS AND ENCUMBRANCES

9.1 Liens. Licensee shall keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished or obligations incurred by or for Licensee. In the event Licensee does not, within twenty (20) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, City shall have, in addition to all other remedies, the right, but not the obligation, to cause the lien to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by City and all expenses reasonably incurred by it in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to City by Licensee within thirty (30) days of demand by City. City shall have the right to post on the Premises any notices that City may deem proper for the protection of City, the Premises from mechanics' and materialmen's liens. Licensee shall give to City at least fifteen (15) days' prior written notice of commencement of any repair or construction on the Premises.

9.2 Encumbrances. Licensee shall not create, permit or suffer any liens or encumbrances affecting any portion of the Premises, the Property or City's interest therein or under this License.

10. UTILITIES AND SERVICES

10.1 Utilities and Services. Sewer, water, janitor service, telecommunications services and any other utilities or services shall be acquired and paid by Licensee, including the initial hook up to said utilities and services.

10.2 Utility Maintenance. Licensee shall be obligated, at its sole cost and expense, to repair and maintain in good operating condition all utilities located within the Premises and all utilities installed by Licensee (whether within or outside the Premises). If Licensee requests City to perform such maintenance or repair, whether emergency or routine, City may charge Licensee for the cost of the work performed at the then prevailing standard rates, and Licensee agrees to pay said charges to City promptly upon billing. Licensee shall pay for repair of utilities located outside the Premises (regardless of who installed the same) which are damaged by or adversely affected by Licensee's use of such utility and shall be responsible for all damages, liabilities and claims arising therefrom. The parties agree that any and all utility improvements shall become part of the realty and are not trade fixtures.

10.3 Mandatory or Voluntary Restrictions. . In the event any law, ordinance, code or governmental or regulatory guideline imposes mandatory or voluntary controls on City or the Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this License, or in the event City is required or elects to make alterations to any part of the Building in order to comply with such mandatory or voluntary controls or guidelines, such compliance and the making of such alterations shall in no event entitle Licensee to any damages, relieve Licensee of the obligation to perform each of its other covenants hereunder or constitute or be construed as a constructive or other eviction of Licensee. City shall have the right at any time to install a water meter in the Premises or otherwise to measure the amount of water consumed on the Premises, and the cost of such meter or other corrective measures and the installation and maintenance thereof shall be paid for by Licensee.

11. COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS

11.1 Compliance with Laws.

11.1.1 Licensee shall promptly comply, at its sole expense, with all present or future laws, judicial decisions, orders, regulations and requirements of all governmental authorities relating to the Premises or the use or occupancy thereof, whether in effect at the time of the execution of this License or adopted at any time thereafter and whether or not within the present contemplation of the parties.

11.1.2 Licensee further understands and agrees that it is Licensee's obligation, at its sole cost, to cause the Premises and Licensee's uses thereof to be conducted in compliance with the Americans with Disabilities Act, 42 U.S.C.A.§§ 12101 et seq. and any other disability access laws, rules, and regulations. Licensee shall not be required to make any structural alterations in order to comply with such laws unless such alterations shall be occasioned, in whole or in part, directly or indirectly, by Licensee's Alterations, Licensee's manner of using the Premises, or any act or omission of Licensee, its Agents or Invitees. Any Alteration made by or on behalf of Licensee pursuant to the provisions of this Section shall comply with the provisions of Section 8.1 (Licensee's Repairs), above.

11.1.3 Licensee shall comply with all Fire Code requirements in its use and occupancy of the Premises.

11.1.4 The parties acknowledge and agree that Licensee's obligation to comply with all laws as provided herein is a material part of the bargained for consideration under this License. Licensee's obligation under this Section shall include, without limitation, the responsibility of Licensee to comply with Applicable Law by making substantial or structural repairs and modifications to the Premises (including any of Licensee's Alterations), regardless of, among other factors, the relationship of the cost of curative action to the fee under this License, the relative benefit of the repairs to Licensee or City and the degree to which the curative action may interfere with Licensee's use or enjoyment of the Premises. This section shall not apply to any non-compliance with laws relating to changes in use or configuration of the Premises requested by City.

11.2 Regulatory Approvals.

11.2.1 Responsible Party. Licensee understands and agrees that Licensee's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Licensee shall be solely responsible for obtaining any and all such regulatory approvals. Licensee shall not seek any regulatory approval without first obtaining the written consent of City hereunder. Licensee shall bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory

approval, other than any conditions that may arise out of Hazardous Materials in, on, or under any part of the Building or other portion of the Premises that were present immediately prior to July 1, 2016, to the extent that such regulatory conditions relate to property conditions existing at such time, and except to the extent that the regulatory conditions relate to Licensee's exacerbation of any pre-existing condition; provided, however, that City shall not be required to engage in any work or incur any costs necessary to secure any regulatory approval or satisfy any condition imposed by a regulatory agency. Any fines or penalties levied as a result of Licensee's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Licensee, and City shall have no liability, monetary or otherwise, for any such fines or penalties. As defined in Section 18.2 herein, Licensee shall Indemnify City and the other Indemnified Parties hereunder against all Losses arising in connection with Licensee's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.2.2 City Acting as Leasehold Owner of Real Property. Licensee further understands and agrees that City is entering into this License in its capacity as a leasehold owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this License shall limit in any way Licensee's obligation to obtain any required approvals from City departments, boards, agencies, or commissions having jurisdiction over the Premises or Licensee's activities at the Premises. By entering into this License, City is in no way modifying or limiting Licensee's obligation to cause the Premises to be used and occupied in accordance with all Applicable Law, as provided further above.

11.3 Compliance with City's Risk Management Requirements. Licensee shall not do anything, or permit anything to be done, in or about the Premises which would be prohibited by or increase the rates under a standard form fire insurance policy or subject City to potential premises liability. Licensee shall faithfully observe, at its expense, any and all requirements of City's Risk Manager with respect to Licensee's use and occupancy of the Premises, so long as such requirements do not unreasonably interfere with Licensee's use of the Premises.

12. SUBORDINATION

This License is and shall be subordinate to the Lease (including Caltrans' rights and City's obligations thereunder) and any reciprocal easement agreement, ground lease, facilities lease or other underlying leases or licenses and the lien of any mortgage or deed of trust, that may now exist or hereafter be executed affecting the Property, or any part thereof, or City's interest therein. Notwithstanding the foregoing, City or the holder shall have the right to subordinate any such interests to this License. Licensee agrees, however, to execute and deliver, upon demand by City and in the form requested by City, any additional documents evidencing the priority or subordination of this License.

13. INABILITY TO PERFORM

If City is unable to perform or is delayed in performing any of City's obligations under this License, by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond City's reasonable control, no such inability or delay shall constitute an actual or constructive eviction, in whole or in part, or entitle Licensee to any abatement or diminution of fee or relieve Licensee from any of its obligations under this License, or impose any liability upon City or its Agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Licensee's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby. Licensee hereby waives and releases any right to terminate this License under Section 1932, subdivision 1 of the California Civil Code or any similar law, statute or ordinance now or hereafter in effect.

14. DAMAGE AND DESTRUCTION

If all or any portion of the Premises is damaged by fire or other casualty, City shall have no obligation to repair the Premises. City shall provide Licensee with a copy of the notice City receives from Caltrans of Caltrans' estimated time to restore such damage (the "Caltrans Repair Notice") within ten (10) days of City's receipt of the Caltrans Repair Notice. If the restoration time set forth in the Caltrans Repair Notice (the "Repair Period") is estimated to exceed two hundred ten (210) days, City shall have the right to terminate this License by delivering written notice of such termination to Licensee within thirty (30) days of City's delivery of the Caltrans Repair Notice to Licensee, in which event this License shall terminate as of the date specified in such termination notice.

If at any time during the last twelve (12) months of the Term of this License all or any portion of the Premises is damaged or destroyed, then Licensee may terminate this License by giving written notice to City of its election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, Licensee may terminate only if such damage or destruction substantially impairs its use or occupancy of the Premises for general office purposes. The effective date of termination shall be specified in the notice of termination, which date shall not be more than thirty (30) days from the date of the notice.

14.1 City Repairs. Notwithstanding anything to the contrary in this License, City shall have no obligation to repair the Premises in the event the damage or destruction, and in no event shall City be required to repair any damage to Licensee's Personal Property or any paneling, decorations, railings, floor coverings, or any Alterations installed or made on the Premises by or at the expense of Licensee.

14.2 Termination by City. In the event the Premises are substantially damaged or destroyed, Caltrans intends to restore the Premises pursuant to the Lease, and City intends to use the restored Premises for public purposes inconsistent with this License, City may terminate this License upon written notice to Licensee.

14.3 Licensee Waiver. City and Licensee intend that the provisions of this Section govern fully in the event of any damage or destruction and accordingly, City and Licensee each hereby waives the provisions of Section 1932, subdivision 2, Section 1933, subdivision 4, Section 1941, and Section 1942 of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect, to the extent such provisions apply.

15. EMINENT DOMAIN

15.1 Definitions.

15.1.1 "Taking" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under law. A Taking may occur pursuant to the recording of a final order of condemnation, or by voluntary sale or conveyance in lieu of condemnation or in settlement of a condemnation action.

15.1.2 "Date of Taking" means the earlier of (i) the date upon which title to the portion of the Premises taken passes to and vests in the condemner or (ii) the date on which Licensee is dispossessed.

15.1.3 "Award" means all compensation, sums or anything or value paid, awarded or received for a Taking, whether pursuant to judgment, agreement, settlement or otherwise.

15.2 General. If during the Term there is any Taking of all or any part of the Premises or any interest in this License, the rights and obligations of Licensee shall be determined pursuant to this Section. City and Licensee intend that the provisions hereof govern fully Licensee's rights in the event of a Taking and accordingly, Licensee hereby waives any right to terminate this License in

whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

15.3 Total Taking; Automatic Termination. If there is a total Taking of the Premises, then this License shall terminate as of the Date of Taking.

15.4 Partial Taking; Election to Terminate.

15.4.1 If there is a Taking of any portion (but less than all) of the Premises, then this License shall terminate in its entirety under either of the following circumstances: (i) if all of the following exist: (A) the partial Taking renders the remaining portion of the Premises unsuitable for continued use by Licensee for the permitted uses described in Section 6.1, (B) the condition rendering the Premises unsuitable either is not curable or is curable but neither City nor Caltrans is willing or able to cure such condition, and (C) Licensee elects to terminate; or (ii) if City elects to terminate.

15.4.2 If Licensee elects to terminate under the provisions of this Section 15, Licensee shall do so by giving written notice to the City before or within thirty (30) days after the Date of Taking, and thereafter this License shall terminate upon the later of the thirtieth (30th) day after such written notice is given or the Date of Taking.

15.5 License Fee: Award. Upon termination of this License pursuant to an election under Section 15.4 above, then City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of Licensee's interest under this License), and Licensee shall have no claim against City for the value of any unexpired term of this License, provided that Licensee may make a separate claim for compensation, and Licensee shall receive any Award made specifically to Licensee, for Licensee's relocation expenses or the interruption of or damage to Licensee's business or damage to Licensee's Personal Property.

15.6 Partial Taking: Continuation of License. If there is a partial Taking of the Premises under circumstances where this License is not terminated in its entirety under Section 15.4 above, then this License shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of the License interest created by this License), and Licensee shall have no claim against City for the value of any unexpired term of this License, provided that Licensee may make a separate claim for compensation, and Licensee shall receive any Award made specifically to Licensee, for Licensee's relocation expenses or the interruption of or damage to Licensee's business or damage to Licensee's Personal Property.

15.7 Temporary Takings. Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to all or any part of the Premises for a limited period of time not in excess of one hundred eighty (180) consecutive days, this License shall remain unaffected thereby, and Licensee shall continue to pay all fees and to perform all of the terms, conditions and covenants of this License. In the event of such temporary Taking, Licensee shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total fee owing by Licensee for the period of the Taking, and City shall be entitled to receive the balance of any Award.

16. ASSIGNMENT AND SUBLETTING

Licensee shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Licensee), voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer (collectively, "Assignment") any part of its interest in or rights with respect to the Premises, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet or license any portion of the Premises (collectively, "Subletting"), without City's prior written consent in each instance.

17. DEFAULT; REMEDIES

17.1 Events of Default. Any of the following shall constitute an event of default by Licensee hereunder (each, an "Event of Default"):

17.1.1 A failure to pay any amount payable under this License when due, and such failure continues for three (3) days after the date of written notice by City. However, City shall not be required to provide such notice with respect to more than two delinquencies and any such failure by Licensee after Licensee has received two (2) such notices shall constitute a default by Licensee hereunder without any further action by City or opportunity of Licensee to cure except as may be required by Section 1161 of the California Code of Civil Procedure.

17.1.2 A failure to comply with any other covenant, condition or representation under this License and such failure continues for fifteen (15) days after the date of written notice by City, provided that if such default is not capable of cure within such fifteen (15) day period, Licensee shall have a reasonable period to complete such cure if Licensee promptly undertakes action to cure such default within such 15-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of notice of default from City. City shall not be required to provide such notice with respect to more than two defaults and after the second notice any subsequent failure by Licensee shall constitute an Event of Default;

17.1.3 A vacation or abandonment of the Premises for a continuous period in excess of five (5) business days;

17.1.4 An uncured event of default under the Towing Agreement;

17.1.5 An appointment of a receiver to take possession of all or substantially all of the assets of Licensee, or an assignment by Licensee for the benefit of creditors, or any action taken or suffered by Licensee under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted, if any such receiver, assignment or action is not released, discharged, dismissed or vacated within sixty (60) days; or

17.1.6 Licensee 's failure to pay City for its staff costs incurred as a result of a notice of violation or other regulatory order to Licensee pursuant to Section 24.10 of this License within thirty (30) days, or to replenish the Performance Surety Bond or the Environmental Oversight Deposit (as defined in Section 24.11 of this License) if drawn upon.

17.2 City Rights Upon Default. Upon the occurrence of an Event of Default by Licensee, City shall have the right to terminate the License in addition to the following rights and all other rights and remedies available to City at law or in equity:

17.2.1 The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Licensee's right to possession of the Premises. City's efforts to mitigate the damages caused by Licensee's breach of this License shall not waive City's rights to recover damages upon termination.

17.2.2 The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), allowing City to continue this License in effect and to enforce all its rights and remedies under this License for so long as City does not terminate Licensee's right to possession, if Licensee has the right to sublet or assign, subject only to reasonable limitations. For purposes hereof, none of the following shall constitute a termination of Licensee's right of possession: acts of maintenance or preservation; efforts to relet the Premises or the appointment of a receiver upon City's initiative to protect its interest under this License; withholding consent to an Assignment or Sublicense, or terminating an Assignment or Sublicense, if the withholding or termination does not violate the rights of

Licensee specified in subdivision (b) of California Civil Code Section 1951.4. If City exercises its remedy under California Civil Code Section 1951.4, City may from time to time sublet or license the Premises or any part thereof for such term or terms (which may extend beyond the Term) and at such rent or fee and upon such other terms as City may in its sole discretion deem advisable, with the right to make alterations and repairs to the Premises. Upon each such subletting or sublicensing, Licensee shall be liable for any amounts due hereunder, as well as the cost of such subletting or sublicensing and such alterations and repairs incurred by City and the amount, if any, by which fee owing hereunder for the period of such subletting or sublicensing (to the extent such period does not exceed the Term) exceeds the amount to be paid as rent or fee for the Premises for such period pursuant to such subletting or sublicensing. No action taken by City pursuant to this subsection shall be deemed a waiver of any default by Licensee, or to limit City's right to terminate this License at any time.

17.2.3 The right to have a receiver appointed for Licensee upon application by City to take possession of the Premises and to apply any fees or rental collected from the Premises and to exercise all other rights and remedies granted to City pursuant to this License.

17.3 City's Right to Cure Licensee's Defaults. If Licensee defaults in the performance of any of its obligations under this License, then City may, at its sole option, remedy such default for Licensee's account and at Licensee's expense by providing Licensee with three (3) days' prior written or oral notice of City's intention to cure such default (except that no such prior notice shall be required in the event of an emergency as determined by City). Such action by City shall not be construed as a waiver of such default or any rights or remedies of City, and nothing herein shall imply any duty of City to do any act that Licensee is obligated to perform. Licensee shall pay to City upon demand, all reasonable costs, damages, expenses or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such default. Licensee's obligations under this Section shall survive the termination of this License.

17.4 Security Deposit. On or before the Commencement Date, Licensee shall provide to the City, and shall maintain throughout the term of this License and for a period of at least ninety (90) days after the Expiration Date, a security deposit as follows (collectively, the "Security Deposit") as security for the faithful performance of all terms, covenants and conditions of this License and the Towing Agreement: (i) the Performance Bond described in Section 14.9 of the Towing Agreement and (ii) the Maintenance Deposit described in Section 14.14 of the Towing Agreement. Licensee agrees that City may (but shall not be required to) apply the Security Deposit in whole or in part to remedy any damage to the Premises or the Improvements (if any) caused by Licensee, its Agents or Invitees, or any failure of Licensee to perform any other terms, covenants or conditions contained in this License, without waiving any of City's other rights and remedies hereunder or at Law or in equity. City's obligations with respect to the Security Deposit are solely that of debtor and not trustee. The amount of the Security Deposit shall not be deemed to limit Licensee's liability for the performance of any of its obligations under this License.

18. WAIVER OF CLAIMS; INDEMNIFICATION

18.1 Limitation on City's Liability: Waiver of Claims. Except for any Pre-2016 Conditions (as defined in Section 24.3) or Non-Licensee Hazardous Materials (as defined in Section 24.8), City shall not be responsible for or liable to Licensee, and Licensee hereby assumes the risk of, and waives and releases City and its Agents from all Claims (as defined below) for, any injury, loss or damage to any person or property in or about the Premises by or from any cause whatsoever including, without limitation, (i) any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises which are not occupied by City, (ii) theft, (iii) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (iv) stopped, leaking or defective Building Systems, (v) Building defects, and (vi) any other acts, omissions or causes. Nothing herein shall relieve City from liability caused solely and directly by the gross negligence or willful misconduct of City or its Agents, but City shall not be liable under any circumstances for any consequential, incidental or punitive damages.

18.2 Licensee's Indemnity. Except for any Pre-2016 Conditions or Non-Licensee Hazardous Materials, Licensee, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless ("Indemnify") the City and County of San Francisco, including, but not limited to, all of its boards; commissions, departments, agencies and other subdivisions, and Caltrans, and all of their Agents, and their respective heirs, legal representatives, successors and assigns (individually and collectively, the "Indemnified Parties"), and each of them, from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses, including, without limitation, direct and vicarious liability of every kind (collectively, "Claims"), incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, including, without limitation, employees of Licensee, or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Property; (b) any default by Licensee in the observation or performance of any of the terms, covenants or conditions of this License to be observed or performed on Licensee's part; (c) the use or occupancy or manner of use or occupancy of the Premises by Licensee, its Agents or Invitees or any person or entity claiming through or under any of them; (d) the condition of the Premises; (e) any construction or other work undertaken by Licensee on the Premises whether before or during the Term of this License; or (f) any acts, omissions or negligence of Licensee, its Agents or Invitees, in, on or about the Premises or the Property, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under any Applicable Law in effect on or validly retroactive to the date of this License and further except only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and the Indemnified Party's costs of investigating any Claim. Licensee specifically acknowledges and agrees that it has an immediate and independent obligation to defend the Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Licensee by an Indemnified Party and continues at all times thereafter. Licensee's obligations under this Section shall survive the termination of the License.

19. INSURANCE

19.1 Licensee's Personal Property. Licensee shall be responsible, at its expense, for separately insuring Licensee's Personal Property.

19.2 City's Self Insurance. Licensee acknowledges that City self-insures against casualty, property damage and public liability risks and agrees that City may at its sole election, but shall not be required to, carry any third party insurance with respect to the Premises or otherwise.

19.3 Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by Licensee's policies of insurance and any third party insurance that City elects to carry with respect to the Premises, City and Licensee each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Premises or the contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the Premises carried by Licensee does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Licensee shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against City or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

20. ACCESS BY CITY

City reserves for itself and any of its designated Agents, the right to enter the Premises at all reasonable times, with or without advance notice, including, without limitation, in order to (i) oversee or inspect Licensee's operations or conduct any business with Licensee; (ii) show the

Premises to prospective Licensees or other interested parties, to post notices of non-responsibility, to conduct any environmental audit of Licensee's use of the Premises, to repair, alter or improve any part of the Building, Building Systems or the Premises, and for any other lawful purpose; or (iii) whenever City believes that emergency access is required. City shall have the right to use any means that it deems proper to open doors in an emergency in order to obtain access to any part of the Premises, and any such entry shall not be construed or deemed to be a forcible or unlawful entry into or a detainer of, the Premises, or an eviction, actual or constructive, of Licensee from the Premises or any portion thereof. Licensee shall not alter any lock or install any new or additional locking devices without the prior written consent of City. City shall at all times have a key with which to unlock all locks installed in the Premises (excluding Licensee's vaults, safes or special security areas, if any, designated by Licensee in writing to City).

21. LICENSEE'S CERTIFICATES

Licensee, at any time, and from time to time upon not less than ten (10) days' prior notice from City, shall execute and deliver to City or to any party designated by City a certificate stating: (a) that Licensee has accepted the Premises, (b) the Commencement Date and Expiration Date of this License, (c) that this License is unmodified and in full force and effect (or, if there have been modifications, that the License is in full force and effect as modified and stating the modifications), (d) whether or not there are then existing any defenses against the enforcement of any of Licensee's obligations hereunder (and if so, specifying the same), (e) whether or not there are any defaults then existing under this License (and if so specifying the same), (f) the dates, if any, to which any amounts owing under this License have been paid, and (g) any other information that may be required.

22. PREMISES MAINTENANCE REQUIREMENTS

The "Maintenance Plan" shall mean the Maintenance Plan that is a portion of the Approved Operations Manual required under Section VII of Appendix A of the Towing Agreement. Licensee shall faithfully comply with the Maintenance Plan, and any violation of the Maintenance Plan shall be a violation of this Section 22. The Maintenance Plan shall include, at a minimum, the elements described in this Section 22.

22.1 Maintenance of Pavement. Licensee shall maintain the pavement in the Premises in good condition, including the vehicle and parts storage area, in order to prevent Releases of Hazardous Materials (as those terms are defined below) into or onto the Premises, the remainder of the Property, or the environment. Licensee shall inspect the pavement at least quarterly and shall record in written form the dates and times of such inspections, the name or names of the persons conducting the inspections, and any damage discovered to the pavement and its location. Licensee shall promptly repair any cracked or broken pavement and shall report such damage and repair to City. City shall have the right to enter and inspect the Premises from time to time to ensure Licensee's compliance with the terms of this License, including, without limitation, this Section 22.1 and Section 22.2 below.

(a) Licensee must furnish at its own cost sealed concrete pads and hazardous waste containment systems for removing and storing residual fluids and batteries from vehicles;

(b) Licensee shall clean up and remove all leaked or spilled fluids immediately upon discovery or upon notice by City in accordance with the Maintenance Plan.

(c) Licensee shall only store vehicles and parts in areas with pavement in good condition. Draining must take place on a sealed concrete pad with a containment system to collect residual fluids.

(d) Licensee must ensure that paving, including maintenance and repair, shall protect existing or future groundwater monitoring wells on the Premises.

22.2 Plan and Reporting. In addition to the requirements in Section 22.1 above, the Maintenance Plan shall provide for ongoing inspection, spill and drip response procedures, a maintenance schedule for pavement maintenance and repair of cracks and other identified deficiencies, staff training protocols, and supervised video or photo documentation of initial surface conditions and exit surface conditions. In addition to pavement maintenance, the Maintenance Plan shall include other property management protocols, including but not limited to, maintenance of fencing, lighting, signage and permanent or temporary buildings. The Maintenance Plan shall also include a reporting schedule, with submittal of reports at least quarterly, documenting maintenance performed. Such reports shall include, the following information:

(a) An initial survey of pavement condition as of October 1, 2016;

(b) Surface type and surface conditions at time of repair, including photographs of pre- and post-repair conditions;

(c) Repair procedure performed;

(d) Cost of repairs performed; and

(e) A final survey of pavement condition at the time of termination of Term.

23. SURRENDER OF PREMISES

Upon the Expiration Date or other termination of the Term of this License, Licensee shall immediately peaceably quit and surrender to City the Premises together with all Alterations approved by City in good order and condition, free of debris and any Hazardous Materials deposited on the Premises and in the condition it was in as of October 1, 2016, except for normal wear and tear after Licensee's having made the last necessary repair required on its part under this License, and further except for any portion of the Premises condemned and any damage and destruction for which Licensee is not responsible hereunder. The Premises shall be surrendered free and clear of all liens and encumbrances other than liens and encumbrances existing as of the October 1, 2016, and any other encumbrances created by City.

Immediately before the Expiration Date or other termination of this License, Licensee shall remove all of Licensee's Personal Property as provided in this License, and repair any damage resulting from the removal. Notwithstanding anything to the contrary in this License, City can elect at any time prior to the Expiration Date or within thirty (30) days after termination of this License, to require Licensee to remove, at Licensee's sole expense, all or part of Licensee's Alterations or other improvements or equipment constructed or installed by or at the expense of Licensee, or any vehicles that City may in its sole and absolute discretion authorize to be stored on the Premises after termination of this License, together with any Hazardous Materials contained within such vehicles.

Licensee shall promptly remove such items and shall repair, at its expense, any damage to the Premises resulting from the performance of its removal obligations pursuant to this Section. Licensee's obligations under this Section shall survive the Expiration Date or other termination of this License. Any items of Licensee's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this License may, at City's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by law. Any expenses or costs incurred by City to discharge liens, remove Licensee's Personal Property or Alterations, or repair any damage for which Licensee is responsible shall be charged against Licensee's Security Deposit.

Concurrently with the surrender of the Premises, Licensee shall, if requested by City, execute, acknowledge and deliver to any instrument reasonably requested by City to evidence or otherwise effect the termination of Licensee's interest to the Premises and to effect such transfer or vesting of title to the Alterations or equipment which remain part of the Premises.

24. HAZARDOUS MATERIALS

24.1 Definitions. As used herein, the following terms shall have the meanings set forth below:

24.1.1 "Environmental Laws" shall mean any present or future federal, state, local or administrative law, rule, regulation, order or requirement relating to Hazardous Material (including, without limitation, their generation, use, handling, transportation, production, disposal, discharge or storage), or to health and safety, industrial hygiene or the environment, including, without limitation, soil, air and groundwater conditions, including without limitation Article 21 of the San Francisco Health Code.

24.1.2 "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health, welfare or safety or to the environment. Hazardous Material includes, without limitation, any material or substance listed or defined as a "hazardous substance", or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to the Carpenter-Presley-Tanner Hazardous Substance Account Act, as amended, (Cal. Health & Safety Code Sections 25300 et seq.) or pursuant to the Hazardous Waste Control Law, as amended, (Cal. Health & Safety Code Sections 25100 et seq.) or pursuant to the Porter-Cologne Water Quality Control Act, as amended, (Cal. Water Code Sections 13000 et seq.) or pursuant to Section 25501(o) of the California Health and Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

24.1.3 "Indemnify" shall mean, whenever any provision of this Section 24 requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), the Indemnitor shall be obligated to defend, indemnify, hold harmless and protect the Indemnitee, its officers, employees, agents, stockholders, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to Indemnify such Indemnitee, whether such act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; provided that no Indemnitor shall be obligated to Indemnify any Indemnitee against any Loss from the negligence or intentional wrongful acts or omissions of such Indemnitee, or such Indemnitee's agents, employees or contractors. If a Loss is attributable partially to the negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), such Indemnitee shall be entitled to Indemnification for that part of the Loss not attributable to such Indemnitee's (or its agents, employees or contractors) negligent or intentionally wrongful acts or omissions.

24.1.4 "Investigate and Remediate" (also **"Investigation"** and **"Remediation"**) shall mean the undertaking of any activities to determine the nature and extent of Hazardous Material that may be located in, on, under or about the Premises or surrounding property or that has been, is being or threaten to be Released into the environment, and to clean up, remove, contain, treat, stabilize, monitor or otherwise control such Hazardous Material.

24.1.5 "Losses" shall mean any and all claims, demands, losses, damages, liens, liabilities, injuries, deaths, penalties, fines, lawsuits and other proceedings, judgments and awards rendered therein, and costs and expenses, including, but not limited to, reasonable attorneys' fees.

24.1.6 "Release" when used with respect to Hazardous Material shall include any actual, threatened or imminent spilling, leaking, pumping, pouring, emitting, emptying,

discharging, injecting, escaping, leaching, dumping, or disposing into or inside the Premises, or in, on, under or about any other part of the Premises or into the environment.

24.2 No Hazardous Materials. Licensee covenants and agrees that neither Licensee nor any of its Agents, Employees or Invitees shall cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated, processed, produced, packaged, treated, emitted, discharged or disposed of in, on or about the Premises, or transported to or from the Premises without (i) the prior written consent of City, which consent shall not be unreasonably withheld so long as Licensee demonstrates to City's reasonable satisfaction that such Hazardous Material is necessary to Licensee's business, will be handled in a manner which strictly complies with all Environmental Laws and will not materially increase the risk of fire or other casualty to the Premises, and (ii) the prior written consent of Caltrans. City and Licensee understand that the vehicles transported to and stored at the Property will contain and may partially consist of Hazardous Materials. Licensee shall immediately notify City if and when Licensee learns or has reason to believe a Release of Hazardous Material on or about any part of the Premises or the remainder of the Property has occurred that may require any Investigation or Remediation. Licensee shall not be responsible for the safe handling of Hazardous Materials introduced on the remainder of the Property during the Term of the Towing Agreement by City or its Agents.

Without limiting any other obligation of Licensee, if acts or omissions of Licensee results in any Hazardous Materials Release or contamination of the Premises, Licensee shall, at its sole expense, promptly take all action that is necessary to return the Premises to the condition existing prior to the introduction of such Hazardous Material in, on, under or about the Premises; provided that City approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions could not potentially have any material adverse effect upon the Premises.

24.3 Licensee's Environmental Indemnity. If Licensee breaches any of its obligations contained in this Section 24, or, if any act, omission or negligence of Licensee, its Agents, Employees or Invitees, results in any Release of Hazardous Material in, on or under any part of the Premises, or the remainder of the Property or the Building, then, Licensee shall, on behalf of itself and its successors and assigns, Indemnify the City from and against all Claims (including, without limitation, claims for injury to or death of a person, damages, liabilities, losses, judgments, penalties, fines, regulatory or administrative actions, damages for decrease in value of the Premises or the remainder of the Building or the Property, the loss or restriction of the use of rentable or usable space or of any amenity of the Premises, or the remainder of the Building or the Property, damages arising from any adverse impact on marketing of any such space, restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or groundwater in, on or under the Premises, the remainder of the Property, or in any Improvements, and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees and costs) arising during or after the Term of the Towing Agreement and relating to such breach or Release. The foregoing Indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate any Release of Hazardous Material, and to restore the Premises or the remainder of the Building or Property to their prior condition. This indemnification of City by Licensee includes, but is not limited to, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration work requested by Caltrans or required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or groundwater in, on or under the Premises, the remainder of the Property or in any Alterations. Licensee's obligations hereunder shall survive the termination of this License. Licensee's obligations under this Section do not include an indemnity for Claims arising as a result of Hazardous Materials (or other conditions alleged to be in violation of any Environmental Law) in, on, or under any part of the Premises or the remainder of the Building or Property that were present prior to October 1, 2016, or to the extent that such Claims relate to conditions existing prior to October 1, 2016 (collectively, any "Pre-2016 Conditions"), except to the extent that Licensee exacerbates any Pre-2016 Condition or introduces such Hazardous Materials or conditions. In the event any action or proceeding is brought against City by reason of a claim arising out of any Loss, Claim, injury or damage suffered on or about the Premises or the remainder of the Building or the Property for which Licensee has Indemnified the City and upon written notice from the City, Licensee shall at its sole expense answer and otherwise

defend such action or proceeding using counsel approved in writing by the City. City shall have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the City in connection with this License or the Premises or the remainder of the Building or Property. The provisions of this paragraph shall survive the termination of this License with respect to any Loss occurring prior to or upon termination. Licensee and City shall afford each other a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

24.4 Compliance with Environmental Laws. In addition to its obligations under Section 11 above, and without limiting any such obligations or the foregoing, Licensee shall comply with the following requirements or more stringent requirements in any Environmental Laws:

24.4.1 Any Hazardous Materials found and identified as such in the towed vehicles which are not typically part of a towed vehicle, will be removed from the vehicle to an appropriate storage location within 72 hours.

24.4.2 No Hazardous Materials shall be voluntarily or involuntarily disposed of onto or into the ground or into the sewer system.

24.4.3 In no event shall Hazardous Waste (as defined by Title 22 of the California Code of Regulations, as amended) accumulate on the Premises for longer than 90 days. Drums used to store Hazardous Materials shall not be stacked more than two drums high. City will not consider fluids that are normally contained within a vehicle to be Hazardous Wastes so long as they remain contained within the vehicle.

24.4.4 Licensee shall store all Hazardous Materials above ground, not in underground storage tanks.

24.4.5 An emergency response plan, emergency response employee training plan and an inventory of Hazardous Materials stored at the Premises by or for Licensee shall be provided to City.

24.5 Information Requests. City may from time to time request, and Licensee shall be obligated to provide, information reasonably adequate for City to determine that any and all Hazardous Materials are being handled in a manner which complies with all Environmental Laws.

24.6 Damaged Vehicles. Licensee shall inspect all vehicles before storing them on the Premises to make a good faith effort to determine that vehicles are not leaking fluids, including but not limited to gasoline, battery acid, oil, transmission and transfer case fluids, brake and clutch fluids, and coolant. Licensee shall secure vehicles that have been severely damaged due to collision or vandalism so that parts do not fall off and fluids do not leak. Leaking vehicles shall be drained of the leaking fluid on a sealed cement pad, which Licensee shall maintain free of build-up of Hazardous Materials. Licensee shall immediately clean-up and remove all leaked or spilled fluids, whether within or outside of sealed or contained areas. Licensee shall treat all such fluids and used cleaning materials as hazardous waste and shall dispose of them in accordance with Environmental Laws and Section 24.3 above. Parts that have fallen off a vehicle shall be placed inside the vehicle in a manner that minimizes damage to the vehicle. Licensee shall not be deemed an owner or operator of any damaged vehicle, but shall be deemed the owner of any fluids that leak from such damaged vehicles on or about the Premises.

24.7 Fire Prevention Measures. Licensee shall comply with the following fire prevention measures.

24.7.1 Welding and torch cutting shall be in conformance with the City of San Francisco Fire Code.

24.7.2 No smoking will be allowed in the Premises except in designated areas consistent with Applicable Law.

24.7.3 No crushing, burning of wrecked or discarded motor vehicles or waste materials shall be allowed.

24.7.4 Motor vehicles, parts of motor vehicles, junk, waste, or other materials shall not be stored, displayed, or kept in a manner that could hinder or endanger firefighting efforts and operations.

24.7.5 One or more aisles, at least 30 inches wide (or any greater width required under Applicable Law), must be maintained in the area where vehicles are stored, to permit access by the San Francisco Fire Department to all parts of the vehicle storage area. Entrances and exits to the area shall be at least 15 feet in width (or any greater width required under Applicable Law).

24.8 Requirement to Remove. Prior to termination of this License or during the Term if required by a governmental agency, Licensee, at its sole cost and expense, shall remove any and all Hazardous Materials introduced in, on, under or about the Premises by Licensee, its Agents or Invitees during the Term or during any prior time in which Licensee occupied the Premises. Licensee shall not be obligated to remove any Hazardous Material introduced onto the Premises before, during, or after the Term of the Towing Agreement by (1) City or its officers, directors, employees, or Agents or (2) any prior occupants, tenants, property owners, individuals, corporations or entities (collectively, any "Non-Licensee Hazardous Material"). If Licensee demonstrates its compliance with the property maintenance requirements of this License, the Maintenance Plan described in Section 22 above, there shall be a rebuttable presumption that any Hazardous Materials in, on, under or about the Premises were not introduced by Licensee, its Agents or Invitees. However, if Licensee does not demonstrate its compliance with the property maintenance requirements of this License or of the Maintenance Plan, then there shall be a rebuttable presumption that such Hazardous Materials are Licensee's responsibility to the extent that the presence of such Hazardous Materials bear a reasonable causal relationship to Licensee's non-compliance in their composition and location.

Prior to the termination of this License, at Licensee's expense, City and Licensee shall conduct a joint inspection of the Premises for the purpose of identifying Hazardous Materials on the Premises which can be determined to have been introduced by the Licensee and which Licensee is therefore required to remove. City's failure to conduct an inspection or to detect conditions if an inspection is conducted shall not be deemed to be a release of any liability for environmental conditions subsequently determined to be Licensee's responsibility.

24.9 Licensee's Environmental Condition Notification Requirements.

24.9.1 Notification of Any Release or Discharge. Licensee shall notify City in writing as required in the Maintenance Plan if Licensee learns or has reason to believe that a Release of any Hazardous Materials on or about any part of the Premises has occurred, whether or not the Release is in quantities that under any law would require the reporting of such Release to a governmental or regulatory agency.

24.9.2 Notification of Any Notice, Investigation, or Claim. Licensee shall also immediately notify City in writing of, and shall contemporaneously provide City with a copy of:

(a) Any written notice of Release of Hazardous Materials on the Premises that is provided by Licensee or any subtenant or other occupant of the Premises to a governmental or regulatory agency;

(b) Any notice of a violation, or a potential or alleged violation, of any Environmental Law that is received by Licensee or any subtenant or other occupant of the Premises from any governmental or regulatory agency;

(c) Any inquiry, investigation, enforcement, cleanup, removal or other action that is instituted or threatened by a governmental or regulatory agency against Licensee or subtenant or other occupant of the Premises and that relates to the Release of Hazardous Materials on or from the Premises;

(d) Any claim that is instituted or threatened by any third party against Licensee or any subtenant or other occupant of the Premises and that relates to any Release of Hazardous Materials on or from the Premises; and

(e) Any notice of the loss of any environmental operating permit by Licensee or any subtenant or other occupant of the Premises.

24.9.3 Notification of Regulatory Actions.

(a) Licensee shall immediately notify City in writing of any inspection by any governmental or regulatory agency with jurisdiction over Hazardous Materials and shall provide City with a copy of any inspection record, correspondence, reports and related materials from or to the agency.

(b) Licensee must notify City of any meeting, whether conducted face-to-face or telephonically, between Licensee and any regulatory agency regarding an environmental regulatory action. City will be entitled to participate in any such meetings at its sole election.

(c) Licensee must notify City of any environmental regulatory agency's issuance of an environmental regulatory approval. Licensee's notice to City must state the issuing entity, the environmental regulatory approval identification number, and the date of issuance and expiration of the environmental regulatory approval. In addition, Licensee must provide City with a list of any environmental regulatory approval, plan or procedure required to be prepared and/or filed with any regulatory agency for operations on the Property, including a "Spill Pollution Control and Countermeasure Plan." Licensee must provide City with copies of any of the documents within the scope of this Section upon City's request.

(d) Licensee must provide City with copies of all communications with regulatory agencies and all non-privileged communications with other persons regarding potential or actual Hazardous Materials Claims arising from Licensee's or its Agents' or Invitees' operations at the Property. Upon City's request, Licensee must provide City with a log of all communications withheld under a claim of privilege that specifies the parties to and subject of each withheld communication.

(e) City may from time to time request, and Licensee will be obligated to provide, information reasonably adequate for City to determine that any and all Hazardous Materials are being handled in a manner that complies with all Environmental Laws.

24.10 Use of Security Deposit. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations and Licensee does not achieve compliance with the notice of violation or order to the satisfaction of the issuing agency within the time specified by the agency or by the City if the agency does not specify a timeframe, the City may draw upon the Security Deposit for purposes of ensuring regulatory compliance. In addition, the City may draw upon the Security Deposit in order to reimburse the City for any fine or other charge assessed against the City related to any notice of violation or other regulatory order issued to Licensee. The City may also draw upon the Security Deposit in order to reimburse the City for costs associated with City's environmental assessments or corrective action, which may be performed at the City's sole discretion.

24.11 Environmental Oversight Deposit. Upon execution of the Towing Agreement, Licensee shall provide to the City, and shall maintain and replenish throughout the Term of this License and for a period of at least ninety (90) days after expiration of this License, an "Environmental Oversight Deposit" in the amount of $10,000, which shall be deposited in an account specified and held by City, as security for the faithful performance of all of the terms, covenants and conditions of this Section. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations and such notice is not cured within fourteen (14) days, the City may (but shall not be required to) apply draw from the Environmental Oversight Deposit to reimburse the City for staff costs incurred by the City while inspecting site conditions and enforcing and administering the Hazardous Materials provisions of the License. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations, and such notice is cured within fourteen (14) days, the City may draw from the Environmental Oversight Deposit in an amount not to exceed $500 to reimburse the City for staff costs incurred by the City. City will submit an invoice to Licensee for any such costs, and Licensee will pay such invoiced amounts within thirty (30) days to replenish the Environmental Oversight Deposit. Licensee's failure to pay such costs within thirty (30) days, or to replenish the Environmental Oversight Deposit if drawn upon, will constitute an Event of Default.

Any City withdrawal of funds from the Environmental Oversight Deposit pursuant to this Section shall be without waiving any of City's other rights and remedies hereunder or at law or in equity. Licensee agrees that City's obligations with respect to the Environmental Oversight Deposit are solely that of debtor and not trustee. City shall not be required to keep the Environmental Oversight Deposit separate from its general funds, and Licensee shall not be entitled to any interest on the Environmental Oversight Deposit. The amount of the Environmental Oversight Deposit shall not be deemed to limit Licensee's liability for the failure to comply with any of its Hazardous Materials provisions under this License.

24.12 Hazardous Substance Disclosure. California law requires landlords to disclose to tenants the presence or potential presence of certain hazardous materials and hazardous substances prior to lease. Accordingly, Licensee is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, asbestos, PCBs, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde.

25. GENERAL PROVISIONS

25.1 Notices. Any notice, demand, consent or approval required under this License shall be effective only if in writing and given by delivering the notice in person or by sending it first-class certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: (a) Licensee (i) at the Premises, or (ii) at any place where Licensee or any Agent of Licensee may be found if sent subsequent to Licensee's vacating, abandoning or surrendering the Premises; or (b) City at City's address set forth in the Basic License Information; or (c) to such other address as either City or Licensee may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Section at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made if sent by overnight courier, or upon the date personal delivery is made. For convenience of the parties, copies of such notices, demands, consents or approvals may also be given by email message sent to the email addresses set forth in the Basic License Information or such other email addresses as may be provided from time to time; however, neither party may give official or binding notice by facsimile. All other written communications may be by first class U.S. mail, postage pre-paid, by email or by facsimile addressed with the contact information set forth in the Basic License Information.

25.2 No Implied Waiver. No failure by City to insist upon the strict performance of any obligation of Licensee under this License or to exercise any right, power or remedy arising out of a

breach thereof, irrespective of the length of time for which such failure continues, no acceptance of any other amounts owing under this License during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of City, shall constitute a waiver of such breach or of City's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this License. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. Any consent by City hereunder shall not relieve Licensee of any obligation to secure the consent of City in any other or future instance under the terms of this License.

25.3 Amendments. Neither this License nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by both parties hereto.

25.4 Authority. Each of the persons executing this License on behalf of Licensee does hereby covenant and warrant that Licensee is a duly authorized and existing entity, that Licensee has and is qualified to do business in California, that Licensee has full right and authority to enter into this License, and that each and all of the persons signing on behalf of Licensee are authorized to do so. Upon City's request, Licensee shall provide City with evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

25.5 Parties and Their Agents; Approvals.. The words "City" and "Licensee" as used herein shall include the plural as well as the singular. If there is more than one Licensee, the obligations and liabilities under this License imposed on Licensee shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party, and the term "Invitees" when used with respect to Licensee shall include the clients, customers, invitees, guests, licensees, assignees or sublicensees of Licensee. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through SFMTA unless otherwise provided in this License, subject to Applicable Law.

25.6 Interpretation of License.

25.6.1 The captions preceding the articles and sections of this License and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this License.

25.6.2 This License has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this License.

25.6.3 Provisions in this License relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day.

25.6.4 Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this License, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

25.6.5 Any capitalized term used herein shall be interpreted in accordance with the definition set forth in this License. If the capitalized term is not defined in this License, it shall be interpreted in accordance with the definition set forth in the Towing Agreement or the Lease.

25.6.6 Any inconsistency between this License, the Towing Agreement, and the Lease with respect to Licensee's performance of its obligations under the Towing Agreement shall be resolved by giving precedence in the following order: (a) the Towing Agreement; (b) the Lease; (c) this License.

25.7 Successors and Assigns. Subject to the provisions of this License relating to Assignment and subletting, the terms, covenants and conditions contained in this License shall bind and inure to the benefit of City and Licensee and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any sale, assignment or transfer by City named herein (or by any subsequent Licensor) of its interest in the Premises as owner or lessee, including any transfer by operation of law, City (or any subsequent Licensor) shall be relieved from all subsequent obligations and liabilities arising under this License subsequent to such sale, assignment or transfer.

25.8 Severability. If any provision of this License or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this License, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this License shall be valid and be enforceable to the fullest extent permitted by law.

25.9 Governing Law. This License shall be construed and enforced in accordance with the laws of the State of California.

25.10 Entire Agreement. This License, together with all exhibits hereto, which are made a part of this License, and the Towing Agreement, constitute the entire agreement between City and Licensee about the subject matters hereof and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Towing Agreement and the terms of this License with respect to Licensee's activities and obligations at the Premises, the terms of the License shall control. All prior written or oral negotiations, understandings and agreements are merged herein. The parties further intend that this License shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this License. Licensee hereby acknowledges that neither City nor City's Agents have made any representations or warranties with respect to the Premises or this License except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Licensee by implication or otherwise unless expressly set forth herein.

25.11 Attorneys' Fees. In the event that either City or Licensee fails to perform any of its obligations under this License or in the event a dispute arises concerning the meaning or interpretation of any provision of this License, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this License, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

25.12 Holding Over. Should Licensee hold over without City's consent, such holding over shall not be deemed to extend the Term or renew this License, but such term thereafter shall continue as a month-to-month occupancy. Such occupancy shall be on all the terms and conditions set forth in this License; provided that on or before the first day of each month of such month-to-month occupancy, Licensee shall pay to City rent (the "Holdover Fee") equal to the rent paid by City under the Lease for such month, multiplied by a fraction with a numerator of the square footage of the Premises and the denominator of the square footage of the Property. Licensee shall pay the Holdover Fee to City without prior demand and without any deduction, setoff or counterclaim whatsoever.

The Holdover Fee shall be paid by wire transfer to the account designated by City in writing. If the first or last day of such month-to-month occupancy occurs on a day other than the first day of a calendar month, then the Holdover Fee for such fractional month shall be prorated based on a thirty (30) day month.

All other payments shall continue under the terms of this License. In addition, Licensee shall be liable for all damages incurred by City as a result of such holding over. No holding over by Licensee, whether with or without consent of City, shall operate to extend this License except as otherwise expressly provided, and this Section shall not be construed as consent for Licensee to retain possession of the Premises beyond such month to month holdover occupancy. For purposes of this Section, "possession of the Premises" shall continue until, among other things, Licensee has delivered all keys to the Premises to City, has fully vacated the Premises, and completely fulfilled all obligations required of it upon termination of the License as set forth in this License, including, without limitation, those concerning the condition and repair of the Premises.

25.13 Time of Essence. Time is of the essence with respect to all provisions of this License in which a definite time for performance is specified.

25.14 Cumulative Remedies. All rights and remedies of either party hereto set forth in this License shall be cumulative, except as may otherwise be provided herein.

25.15 Provisions of License Surviving Termination. Termination of this License shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this License. This Section and the following Sections of this License shall survive termination or expiration of this License: Sections 2.1.4, 5, 6.6, 7, 12, 14, 17.2, 17.3, 18.1, 18.2, 23, 24.1, 24.2, 24.3, 24.5, 24.8, 24.9, 24.10, 24.11, 25.6, 25.7, 25.8, 25.9, 25.10, 25.11, 25.12, 25.14, 25.22, 25.26, 25.31.

25.16 Signs. Licensee agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Building or from the exterior of the Premises without City's prior written consent, which City may withhold or grant in its sole discretion.

25.17 Relationship of the Parties. City is not, and none of the provisions in this License shall be deemed to render City, a partner in Licensee's business, or joint venturer or member in any joint enterprise with Licensee. Neither party shall act as the agent of the other party in any respect hereunder. This License is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided.

25.18 Light and Air. Licensee covenants and agrees that no diminution of light, air or view by any structure that may hereafter be erected (whether or not by City) shall result in any liability of City to Licensee or in any other way affect this License or Licensee's obligations hereunder.

25.19 No Recording. Licensee shall not record this License or any memorandum hereof in the public records.

25.20 Drug-Free Workplace. Licensee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City premises. Licensee agrees that any violation of this prohibition by Licensee, its Agents or assigns shall be deemed a material breach of this License.

25.21 Public Transit Information. Licensee shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Licensee employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Licensee's sole expense.

25.22 Taxes, Assessments, Licenses, Permit Fees and Liens. (a) Licensee recognizes and understands that this License may create a possessory interest subject to property taxation and that Licensee may be subject to the payment of property taxes levied on such interest. (b) Licensee agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the License interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Licensee's usage of the Premises that may be imposed upon Licensee by law, all of which shall be paid when the same become due and payable and before delinquency. (c) Licensee agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Licensee, if so desiring, may have reasonable opportunity to contest the validity of the same.

25.23 Wages and Working Conditions. Licensee agrees that any person performing labor in connection with any Alteration that is a "public work" as defined under San Francisco Administrative Code Section 6.22(E) or California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) and that Licensee provides under this License shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco County. Licensee shall include in any contract for construction of such Alterations a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Licensee shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing such labor at the Premises.

25.24 Non-Discrimination in City Contracts and Benefits Ordinance..

25.24.1 Covenant Not to Discriminate. In the performance of this License, Licensee covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome, HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under this chapter against any employee of, any City employee working with, or applicant for employment with such contractor and shall require such contractor to include a similar provision in all subcontracts executed or amended thereunder.

25.24.2 Subcontracts. Licensee shall include in all assignment, subleases or other subcontracts relating to the Premises a non-discrimination clause applicable to such assignee, sublicensee or other subcontractor in substantially the form of subsection (a) above. In addition, Licensee shall incorporate by reference in all assignments, subleases, and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all assignees, sublicensees and other subcontractors to comply with such provisions. Licensee's failure to comply with the obligations in this subsection shall constitute a material breach of this License.

25.24.3 Non-Discrimination in Benefits. Licensee does not as of the date of this License and will not during the Term, in any of its operations in San Francisco, where the work is being performed for the City, or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

25.24.4 CMD Form. As a condition to this License, Licensee shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division.

25.24.5 Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the License of City property are incorporated in this Section 25.24 by reference and made a part of this License as though fully set forth herein. Licensee shall comply fully with and be bound by all of the provisions that apply to this License under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Licensee understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this License may be assessed against Licensee and/or deducted from any payments due Licensee.

25.25 Non-Liability of City Officials, Employees and Agents. No elective or appointive board, commission, member, officer, employee or other Agent of City shall be, personally liable to Licensee, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Licensee, its successors and assigns, or for any obligation of City under this License.

25.26 No Relocation Assistance: Waiver of Claims. Licensee acknowledges that it will not be a displaced person at the time this License is terminated or expires by its own terms, and Licensee fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this License with respect to a Taking.

25.27 MacBride Principles - Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this License. By signing this License, Licensee confirms that Licensee has read and understood that City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

25.28 Tropical Hardwood and Virgin Redwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Licensee shall not provide any items to the construction of Alterations, or otherwise in the performance of this License which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Licensee fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Licensee shall be liable for liquidated damages for each violation in any amount equal to Licensee's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

25.29 Pesticide Prohibition. Licensee shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which **(i)** prohibit the use of certain pesticides on City property, **(ii)** require the posting of certain notices and the maintenance of certain records regarding pesticide usage and **(iii)** require Licensee to submit an integrated pest management ("IPM") plan to SFMTA that **(a)** lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Licensee may need to apply to the Premises

during the terms of this License, **(b)** describes the steps Licensee will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and **(c)** identifies, by name, title, address and telephone number, an individual to act as the Licensee's primary IPM contact person with the City. In addition, Licensee shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

25.30 First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance, San Francisco Administrative Code, Chapter 83, which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Licensee shall comply with the requirements of the First Source Agreement between Licensee and City's First Source Hiring Administration contained in Section 10.9 of the Agreement for Towing and Storage of Abandoned and Illegally Parked Vehicles.

25.31 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, Licensees' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

25.32 Conflicts of Interest. Through its execution of this License, Licensee acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Licensee becomes aware of any such fact during the Term, Licensee shall immediately notify the City.

25.33 Charter Provisions. This License is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

25.34 Prohibition of Cigarette or Tobacco Advertising. Licensee acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of cigarettes and tobacco products, or (ii) encourage people not to smoke or to stop smoking.

25.35 Prohibition of Alcoholic Beverage Advertising. Licensee acknowledges and agrees that no advertising or sale of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

25.36 Requiring Health Benefits for Covered Employees. Unless exempt, Licensee agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this License as though fully set forth. The text of the HCAO is available on the web at http://www.sfgov.org/olse/hcao. Capitalized terms used in this Section and not defined in this License shall have the meanings assigned to such terms in Chapter 12Q.

25.36.1 For each Covered Employee, Licensee shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Licensee chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

25.36.2 Notwithstanding the above, if the Licensee is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection 25.36.1 above.

25.36.3 Licensee's failure to comply with the HCAO shall constitute a material breach of this License. City shall notify Licensee if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this License for violating the HCAO, Licensee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Licensee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

25.36.4 Any Subcontract entered into by Licensee shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Licensee shall notify City when it enters into such a Subcontract and shall certify to the City that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Licensee shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Licensee based on the Subcontractor's failure to comply, provided that City has first provided Licensee with notice and an opportunity to obtain a cure of the violation.

25.36.5 Licensee shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Licensee's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

25.36.6 Licensee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

25.36.7 Licensee shall keep itself informed of the current requirements of the HCAO.

25.36.8 Licensee shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Sublicensees, as applicable.

25.36.9 Licensee shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five (5) business days to respond.

25.36.10 City may conduct random audits of Licensee to ascertain its compliance with HCAO. Licensee agrees to cooperate with City when it conducts such audits.

25.36.11 If Licensee is exempt from the HCAO when this License is executed because its amount is less than Twenty-Five Thousand Dollars ($25,000), but Licensee later enters into an agreement or agreements that cause Licensee's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars ($75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the

agreement that causes the cumulative amount of agreements between Licensee and City to be equal to or greater than Seventy-Five Thousand Dollars ($75,000) in the fiscal year.

25.37 Notification of Limitations on Contributions. Through its execution of this License, Licensee acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City, whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six (6) months after the date the contract is approved. Licensee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Licensee further acknowledges that the prohibition on contributions applies to each Licensee; each member of Licensee's board of directors, and Licensee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Licensee; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Licensee. Additionally, Licensee acknowledges that Licensee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Licensee further agrees to provide to City the name of each person, entity or committee described above.

25.38 Preservative-Treated Wood Containing Arsenic. Licensee may not purchase preservative-treated wood products containing arsenic in the performance of this License unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Licensee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Licensee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

25.39 Resource Efficient City Buildings. Licensee acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to the environmental design and construction of buildings owned or leased by City. Licensee hereby agrees that it shall comply with all applicable provisions of such code sections.

25.40 Food Service Waste Reduction. Licensee agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this License as though fully set forth herein. This provision is a material term of this License. By entering into this License, Licensee agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Licensee agrees that the sum of One Hundred Dollars ($100.00) liquidated damages for the first breach, Two Hundred Dollars ($200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars ($500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time of the Commencement Date. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Licensee's failure to comply with this provision.

25.41 Criminal History Inquiries for Employment.

25.41.1 Unless exempt, Licensee agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; "Chapter 12 T"), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Licensee who would be or are performing work at the Premises.

25.41.2 Licensee shall incorporate by reference the provisions of Chapter 12T in all sublicenses of some or all of the Premises, and shall require all sublicensees to comply with such provisions. Licensee's failure to comply with the obligations in this subsection shall constitute a material breach of the License Agreement.

25.41.3 Licensee and sublicensees shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

25.41.4 Licensee and sublicensees shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (c) above. Licensee and sublicensees shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

25.41.5 Licensee and sublicensees shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Premises, that the Licensee and sublicensees will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

25.41.6 Licensee and sublicensees shall post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises or other workplace at which it is posted.

25.41.7 Licensee and sublicensees understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T or this Permit, including but not limited to a penalty of $50 for a second violation and $100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of the License Agreement.

25.41.8 If Licensee has any questions about the applicability of Chapter 12T, it may contact the SFMTA for additional information. SFMTA may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

25.42 Bottled Drinking Water. Unless exempt, Licensee agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San

Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of the License as though fully set forth.

25.43 Non-Liability of City Officials, Employees and Agents. No elective or appointive board, commission, member, officer, employee or other Agent of City shall be personally liable to Tenant, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Tenant, its successors and assigns, or for any obligation of City under this Agreement.

25.44 Drug-Free Workplace. Licensee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City premises. Licensee agrees that any violation of this prohibition by Licensee, its Agents or assigns shall be deemed a material breach of this License.

26. COUNTERPARTS. This License may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

27. EFFECTIVE DATE. This License shall be effective as of the Commencement Date.

28. COOPERATIVE DRAFTING. This License has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the License reviewed and revised by legal counsel. No party shall be considered the drafter of this License, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this License.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LICENSE, LICENSEE ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LICENSE UNLESS AND UNTIL THE BOARD OF DIRECTORS OF CITY'S MUNICIPAL TRANSPORTATION AGENCY SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THE TOWING AMENDMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED IN THIS LICENSE. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LICENSE SHALL BE NULL AND VOID IF THE BOARD OF DIRECTORS OF CITY'S MUNICIPAL TRANSPORTATION AGENCY DO NOT APPROVE THE TOWING AMENDMENT AND THIS LICENSE IN ITS RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS LICENSE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this License on the day first mentioned above.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through its
Municipal Transportation Agency

By: _____
Edward D. Reiskin
Director of Transportation

Date: 9.21.16

San Francisco Municipal Transportation Agency
Board of Directors
Resolution No: 16-121
Adopted: SEPTEMBER 6, 2016
Attest: R Boomer
Secretary, SFMTA Board of Directors

Approved as to Form:

Dennis J. Herrera, City Attorney

By: _____
Robert K. Stone Deputy City Attorney

LICENSEE:

TEGSCO, LLC, a California limited liability company
d.b.a. San Francisco AutoReturn

By: _____
John Wicker, President and CEO

Date: 9/15/16

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

First Amendment to:

Agreement between the City and County of San Francisco
and TEGSCO, LLC, dba, San Francisco AutoReturn
for Towing and Storage of Abandoned and Illegally Parked Vehicles

Contract No. 15-1349

THIS AMENDMENT is made as of NOVEMBER 27, 2017, in San Francisco, California, by and between the City and County of San Francisco, acting through its Municipal Transportation Agency ("City" or "SFMTA") and TEGGSCO, LLC, dba San Francisco AutoReturn ("Contractor"). City and Contractor may hereafter be referred to individually as a "Party," or collectively as the "Parties."

RECITALS

A. WHEREAS, The Parties entered into an agreement on July 31, 2005 for towing, storage, and disposal of abandoned and illegally parked vehicles, which the Parties extended twice on July 31, 2010 and August 1, 2015, and which expired on March 31, 2016 ("Previous Agreement"); and,

B. WHEREAS, The Parties entered into separate agreement dated April 1, 2016 for towing, storage, and disposal of abandoned and illegally parked vehicles ("Current Agreement"); and,

C. WHEREAS, During the term of the Previous Agreement, the Contractor towed or impounded approximately 253 vehicles designated as Police Hold vehicles ("Holdover Vehicles"), the release, sale, or disposition of which required written authorization from the San Francisco Police Department ("SFPD"); and,

D. WHEREAS, As of the effective date of the Current Agreement, the SFPD had not released the Holdover Vehicles, which remained in impound facilities operated by Contractor under the Previous Agreement; and,

E. WHEREAS, The Previous Agreement and the Current Agreement provided for different methods to calculate fees, payments, or credits owing to the Parties in connection with the towing and storage of vehicles ("Payments"), but did not address Holdover Vehicles or Payments owing to the Parties in connection with Holdover Vehicles; and,

F. WHEREAS, The Parties desire to modify the Current Agreement on the terms and conditions set forth herein to address in the Current Agreement the disposition of Holdover Vehicles and document procedures for payment of Holdover Vehicles.

NOW, THEREFORE, in consideration of and reliance upon the facts stated in the Recitals above, which are incorporated into the Amendment, below, the Parties agree as follows:

1. **Definitions.** Capitalized terms used in this Amendment shall have the meanings assigned to such terms in this Amendment or, if not assigned in this Amendment, in the Current Agreement.

2. **Amendment to the Current Agreement.** Section 3.6 (Holdover Vehicles) is added to read as follows:

3.6 Holdover Vehicles.

3.6.1 Identification. Exhibit 3 to this Amendment lists the Holdover Vehicles the Parties identified as of effective date of this Amendment. Other vehicles not listed in Exhibit 3, but which were towed by the Contractor, at the request of the SFPD, under the Previous Agreement and remained impounded as of the Effective Date of the Current Agreement, shall also be deemed to be Holdover Vehicles.

3.6.2 Disposition. As to Holdover Vehicles only:

a. Neither Party shall be entitled to Payments or any other amounts otherwise owing to either Party under the Previous Agreement;

b. Contractor shall release, sell, or dispose of Holdover Vehicles in accordance with applicable procedures set forth in Subpart J (Vehicle Release Procedures) of Section II (Services Requirements) of Appendix A (Statement of Services) to the Current Agreement; and

c. Nothwithstanding any conflicting provisions in the Previous Agreement or the Current Agreement, all payments that the Contractor receives for releasing, selling, or disposing of Holdover Vehicles after May 1, 2017 shall be transferred to and belong solely to the SFMTA. Payments received by Contractor for releasing, selling, or disposing of Holdover Vehicles prior to May 1, 2017 belong solely to the Contractor.

3.6.3 Release. The Parties acknowledge and agree that any claims, known, suspected, and unknown, that either Party may have in connection with Holdover Vehicles under Section 1542 of the California Civil Code are expressly waived to the extent such claims arose prior to the effective date of this Amendment. That section provides: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3.6.4 Clarification. This Section 3.6 shall not apply to any Police Hold vehicles or other vehicles Contractor tows or impounds during the term of the Current Agreement.

3. **Effective Date.** The amendment to the Current Agreement set forth in Section 2 shall be effective on and after the date of this Amendment.

4. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Current 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** Edward D. Reiskin Director of Transportation Approved as to Form: Dennis J. Herrera City Attorney By: Isidro A. Jiménez Deputy City Attorney n:\ptc\as2017\1000468\01228849.docx	**TEGSCO, dba San Francsico AutoReturn** John Wicker President and CEO City vendor number: **66307**

Exhibits:

1 Previous Agreement

2 Appendix A (Scope of Services) to Previous Agreement

3 List of Holdover Vehicles

Exhibit 1
Previous Agreement

[See attached.]

SERVICE AGREEMENT AND PROPERTY USE LICENSE

FOR TOWING, STORAGE AND DISPOSAL

OF ABANDONED AND ILLEGALLY PARKED VEHICLES

by and between the

CITY AND COUNTY OF SAN FRANCISCO

AND

TEGSCO, LLC

d.b.a. SAN FRANCISCO AUTORETURN,
a California Limited Liability Company

Dated: July 31, 2005

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SERVICE AGREEMENT AND PROPERTY USE LICENSE FOR TOWING, STORAGE, AND DISPOSAL OF ABANDONED AND ILLEGALLY PARKED VEHICLES BY AND BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND TEGSCO, LLC, D.B.A. SAN FRANCISCO AUTORETURN

This Service Agreement And Property Use License for Towing, Storage, and Disposal of Abandoned and Illegally Parked Vehicles ("Agreement"), dated for convenience as **July 31, 2005**, is entered into by and between the City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency, Department of Parking and Traffic, hereinafter referred to as "City", and TEGSCO, LLC, a California limited liability company doing business as San Francisco AutoReturn, hereinafter referred to as "Contractor", in the City and County of San Francisco, State of California, for the services and under the terms described herein.

Recitals

WHEREAS, The City issued a Request for Proposals for Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles on September 18, 2002 ("RFP"); and

WHEREAS, Contractor submitted a proposal dated March 10, 2003 ("Proposal") which was selected by City as the highest-ranked proposal among the proposals submitted in response to the RFP; and

WHEREAS, In the course of negotiating this Service Agreement And Property Use License For Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles the City's existing towing services contractor, The City Tow, informed the City on January 23, 2004 that it would cease to provide towing services as of March 21, 2004; and

WHEREAS, The cessation of towing services under the then-existing contract with The City Tow created emergency circumstances that required the City and Contractor, with the approval of the San Francisco Board of Supervisors, to enter into an Emergency Interim Service Agreement and Property Use License for Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles ("Emergency Interim Agreement") pending negotiation of the long-term contract pursuant to the RFP; and

WHEREAS, Contractor has been providing towing services to City pursuant to the Emergency Interim Agreement since March 22, 2004; and

WHEREAS, The parties have negotiated this long-term towing services agreement in accordance with the terms of the RFP and Proposal;

NOW, THEREFORE, based on the foregoing, and in consideration of the promises, covenants, and undertakings contained in this Agreement, City and Contractor hereby agree as follows:

AGREEMENT

1. Definitions

The following words and phrases shall have the meanings set forth below when used in this Agreement:

1.1 Abandoned Vehicle: A vehicle that qualifies to be towed pursuant to San Francisco Traffic Code § 159 because it is parked or left standing on a public street or highway in the City for more than 72 consecutive hours, or is deemed to be abandoned pursuant to Vehicle Code § 22669(a), or is found to be a public nuisance on private property pursuant to Vehicle Code § 22660 and Traffic Code § 234.

1.2 Administrative Hold: A hold placed on a vehicle impounded by DPT or SFPD pursuant to which the vehicle may not be released prior to the passage of a specified period of time, fulfillment of statutory requirements or upon written authorization by the impounding agency. The procedures and requirements for Administrative Holds are further described in Section 4.7 of Appendix A to this Agreement.

1.3 Agreement: This document, its Appendices, Exhibits and Attachments to Appendices, the Operations Plan as adopted in accordance with Section 14 of Appendix A, the RFP, the Proposal, and other documents attached hereto or specifically incorporated herein by reference.

1.4 Central Dispatch: Contractor's primary facility for taking Tow Requests and dispatching Tow Cars, as further defined in Section 11.1(d) of Appendix A.

1.5 Citation: A ticket for a parking violation processed by DPT.

1.6 City: The City and County of San Francisco, acting by and through its Department of Parking and Traffic, a division of the Municipal Transportation Agency.

1.7 Claim: Any claim brought against the City or Contractor or their respective agents, contractors or employees for theft of property or injury to any property or person arising out of Contractor's performance of services under this Agreement. For the purpose of Appendix A, § 5.2, "Claim" shall mean a request for compensation for personal injury, loss from or damage to towed vehicle and/or personal property, costs of recovering a vehicle that was not dropped in violation of Appendix A, Section 4.2, or the value of a vehicle that was lost in violation of Section 4.1 of Appendix A.

1.8 Complaint: Any problem with service provided by Contractor within the scope of this Agreement that is communicated to Contractor or City by a Customer and which is not a Claim.

1.9 Controller: The Controller of the City and County of San Francisco or any duly authorized agent thereof.

1.10 Citation and Towing Management System (CTMS): DPT's Ticket Information Management System (TIMS) or successor system(s) used by DPT for tracking Tow Requests and Citations.

1.11 Customer: A member of the public who is associated with an impounded vehicle, which may include either the registered owner, the driver of the vehicle at the time that it is stopped or towed, a person who appears on behalf of the owner or the driver of the vehicle, or a purchaser of a vehicle at lien sale auction.

1.12 Customer Service Center The location for Customers recovering vehicles in person to pay fees and process required forms for release of a vehicle, as further described in Appendix A Section 11.1(a) and located as of the Effective Date at 850 Bryant Street, Room 145, San Francisco (Hall of Justice).

1.13 Courtesy Tows: Tows requested for disabled vehicles owned or used in an official capacity by either SFPD or DPT.

1.14 Days: Consecutive calendar days, including weekends and holidays, unless otherwise specified.

1.15 Deficiency Claim: A claim by Contractor 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 Contractor's right to such claim.

1.16 **DPT**: Department of Parking and Traffic, a division of the Municipal Transportation Agency of the City and County of San Francisco, or any duly authorized agent thereof.

1.17 **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 DPT.

1.18 **Designated Facilities**: Real property and any buildings and improvements thereon used by Contractor in the performance of this Agreement, as further described in Appendix A, Section 11.1.

1.19 **Director of Transportation**: The Chief Executive Officer of the Municipal Transportation Agency of the City and County of San Francisco.

1.20 **Dispatch Tows**: Individual Tow Requests that are communicated to Contractor.

1.21 **DMV**: California Department of Motor Vehicles.

1.22 **DPH**: Department of Public Health of the City and County of San Francisco.

1.23 **DPT Administrative Fee:** The fee described in Section 12.1(c) of Appendix A to this Agreement, as authorized by San Francisco Traffic Code § 170.1 and Vehicle Code § 22850.5, or successor statutes.

1.24 **ECAD**: Electronic Computer Aided Dispatch.

1.25 **Effective Date**: July 31, 2005, or the date upon which all required approvals are obtained and all signatures of the parties have been affixed hereto, whichever date is later.

1.26 **Employees:** The persons directed and controlled by Contractor and/or its PEO Contractor who are providing work and services on behalf of Contractor in order to perform the work required under this Agreement, not including entities that are independent subcontractors. The classes and job descriptions of persons who are Employees of Contractor may include, but are not limited to:

(a) Cashiers, bookkeepers, and accountants.

(b) Persons who move vehicles at and between Designated Facilities (also known as "Yardmen").

(c) Forklift and heavy equipment operators.

(d) Clerks, secretaries, telephone operators and administrative and information technology/computer support personnel.

(e) Tow Car operators directly employed by Contractor and/or its PEO Contractor.

(f) Guards and security personnel.

1.27 **Expedited Tow**: A tow needed to ensure public or officer safety and/or to eliminate a hazard.

1.28 **Gross Revenues**: Contractor's gross receipts from all fees and proceeds under this Agreement, including all revenues derived from lien sales conducted pursuant to this Agreement. "Gross Revenues" do not include DPT or SFPD Traffic Offender Fees or fees payable by vehicle owners or operators collected by Contractor on behalf of the City pursuant to the terms of this Agreement.

1.29 Headquarters Office: Contractor's administrative office, currently located at 945 Bryant Street, San Francisco, California.

1.30 Investigative Police Hold: A Police Hold imposed on an evidentiary vehicle for the purpose of criminal investigation, as further described in Appendix A, Section 4.6.

1.31 Letter of Credit: The letter of credit which Contractor is required to maintain to guarantee the performance of Contractor's obligations under this Agreement, as further described in Section 12.1 and 12.2 and in Appendix C, Section 6 of this Agreement. The Letter of Credit and all replacement Letters of Credit provided by Contractor during the Term of this Agreement shall be attached hereto as Appendix G and is incorporated by reference as though fully set forth herein.

1.32 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 the Vehicle Code is amended subsequent to this Agreement to change the dollar amounts which 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.

1.33 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 the Vehicle Code or the California Civil Code are amended subsequent to 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.

1.34 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 the Vehicle Code or the California Civil Code are amended subsequent to this Agreement 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.

1.35 Lien Category: The classification of a vehicle as a Lien 1, Lien 2 or Lien 3 vehicle in accordance with its appraised value.

1.36 Mandatory Fee: All fees that must be paid by Customer before Contractor may release any vehicle to the owner or purchaser of a vehicle. Mandatory Fees include: boot fees, DPT Administrative Fee, SFPD Traffic Offender Fee, towing, storage, transfer and lien fees, returned check charges and Delinquent Citation fees, as applicable.

1.37 MTA: The San Francisco Municipal Transportation Agency, an agency of the City and County of San Francisco.

1.38 Occurrence: Any accident or incident occurring in a single place at a single time from a single event that results in one or more claims for injury to persons or property. An accident or incident

that results in multiple claims shall be considered a single Occurrence for purposes of applying any deductible provisions of Contractor's insurance coverages.

1.39 Operations Plan: The collected written procedures manuals, lists and schedules required to be submitted by Contractor and approved by City as set forth in Appendix A, Section 14, and which are listed in Appendix B to this Agreement. When approved by City, the Operations Plan shall define the service standards for the work to be performed under this Agreement, and is hereby incorporated into this Agreement as though fully set forth herein.

1.40 Peak Hours: Monday through Friday, 7:00 a.m. to 9:00 a.m. and 3:00 p.m. to 7:00 p.m., excluding City holidays.

1.41 PEO Contract: Any agreement with any professional employment organization (PEO) which provides payroll, workers' compensation, work place safety, staffing and other human resources services, for the purpose of performing the services required by this Agreement. "PEO Contract" does not include contracts with subcontractors for the provision of Tow Cars, Tow Equipment and related towing services.

1.42 PEO Contractor: An entity with whom Contractor has entered into a PEO Contract.

1.43 Police Hold: A 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, or a vehicle with no visible VIN which is held for inspection by the SFPD .

1.44 Port: The San Francisco Port Commission, an agency of the City and County of San Francisco.

1.45 Port MOU: That certain Memorandum of Understanding (Port Ref. No. MOU M-13828) by and between DPT and the Port, a copy of which is attached hereto as Appendix C and incorporated by reference as though fully set forth herein.

1.46 Primary Storage Facility: The facilities primarily used for short term storage of impounded vehicles currently located at 415 7th Street and 450 7th Street, San Francisco, California, as further described in Section 11.1(b) of Appendix A.

1.47 Project 20: The DPT program which allows vehicle owners and operators to perform community service in lieu of paying Citation fees, in accordance with Vehicle Code § 40215(c)(7).

1.48 Property, Properties: Real property owned by the City and licensed to Contractor for the purpose of this Agreement, collectively, the 415 7th Street, 850 Bryant Street (Hall of Justice) and Pier 70 as of the Effective Date of this Agreement, and any other properties that may be licensed to Contractor by City for the purpose of this Agreement during its Term.

1.49 Proposal: The proposal submitted by Contractor in response to the RFP, dated March 10, 2003, incorporated by reference into this Agreement as though fully set forth herein.

1.50 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; (3) documentation of all Claims; (4) all Monthly Management Reports and other reports Contractor is required to submit to City; (5) charts and diagrams of any property licensed to Contractor by City to fulfill the obligations of this Agreement; (6) other documents or reports as City may require Contractor to produce in the course of performing work under the Agreement; and (7) the Records described in Section 13 of Appendix A to this Agreement.

1.51 **Referral Fee**: The fee established in Section 12.1(a) of Appendix A to this Agreement.

1.52 **RFP**: The City and County of San Francisco's Request for Proposals for Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles, dated September 18, 2002, and all addenda thereto, incorporated by reference into this Agreement as though fully set forth herein.

1.53 **Regional Sweeps:** Pre-arranged parking or traffic enforcement operations in designated areas.

1.54 **Routine Tows**: Scheduled Tows and Dispatch Tows.

1.55 **Scheduled Tows**: Pre-arranged tow events at times and in places designated by City, including but not limited to Regional Sweeps, Peak Hour tows, Zone Tows, Special Events Tows and Abandoned Vehicle tows.

1.56 **Scofflaw:** A vehicle towed for multiple Delinquent Citations pursuant to subsection (i) of Vehicle Code § 22651.

1.57 **Secondary Storage Facility**: The facility primarily used for long term storage of impounded vehicles, located at Pier 70, San Francisco, California as of the Effective Date of this Agreement, as further described in Appendix A, Section 11.1(c).

1.58 **SFPD**: The Police Department of the City and County of San Francisco or any duly authorized officer or member thereof.

1.59 **SFPD Traffic Offender Fee:** The fee described in Section 12.1(d) of Appendix A to this Agreement, as authorized by Traffic Code §§ 170.2-A and 170.2-B and Vehicle Code § 22850.5, or successor statutes.

1.60 **Special Events Tows**: Tows of vehicles parked in violation of temporary parking restrictions, as authorized by Traffic Code §§ 33(c) and 130 or successor ordinances.

1.61 **Term:** The duration of this Agreement as established in Section 2 herein, and any additional period during which Contractor completes repair, remediation or other work required for the termination of the License Agreements for the Properties, as set forth in Appendices C, D and E of this Agreement, and the tasks listed in Section 54 of this Agreement for transition to a successor contractor or successor Agreement. "Term" shall include any extension of this Agreement pursuant to Section 2.

1.62 **Tow Car:** A motor vehicle which has been altered or designed and equipped for and exclusively used in the business of towing vehicles by means of a crane, hoist, tow bar, tow line, or dolly or is otherwise exclusively used to render assistance to other vehicles, and as defined in Vehicle Code § 615.

1.63 **Tow Equipment**: Tow Cars and all appurtenant computer systems, communications devices, hand tools, electric tools and towing hardware, whether or not expressly listed in this Agreement, which are necessary to perform towing services to the standards of the towing industry and as set forth in this Agreement.

1.64 **Tow Request**: A request directed to Contractor from DPT, DPH or SFPD for service by a Tow Car or Tow Equipment for the removal or relocation of a vehicle.

1.65 **Towed Vehicle Management System (TVMS):** The electronic database system to be used by Contractor to meet record keeping, reporting and vehicle handling requirements of this Agreement, as further described in Section 10 of Appendix A.

1.66 **Traffic Code:** The Traffic Code of the City and County of San Francisco.

1.67 **Treasurer:** The Treasurer of the City and County of San Francisco.

1.68 **Unavoidable Delays:** With respect to a delay in performance, "Unavoidable Delay" shall mean any delay that is attributable to any: (a) strike, lockout or other labor or industrial disturbance (whether or not on the part of the employees of either party hereto or their contractors), civil disturbance, future order claiming jurisdiction, act of the public enemy, war, riot, sabotage, blockage, embargo, inability to secure customary materials, supplies or labor through ordinary sources by reason of regulation or order of any government or regulatory body; (b) changes in any applicable laws or the interpretation thereof; or (c) lightning, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion; or (d) a governmental taking by eminent domain of all or a substantial portion of a Designated Facility; or (e) any interference with Contractor's right to access a substantial portion of a Designated Facility owned or provided for Contractor's use by City, or any other cause beyond the reasonable control of the party from whom performance is required, or any of its contractors or other representatives.

1.69 **Vehicle Code**: The Vehicle Code of the State of California.

1.70 **VIN**: The distinguishing number or other mark used for the purpose of uniquely identifying a vehicle or vehicle part, as further defined in Vehicle Code § 671.

1.71 **WAN**: Wide Area Network.

1.72 **Zone Tows**: Tows of vehicles parked in zones listed in Traffic Code § 71b.

GENERAL PROVISIONS

2. Term of the Agreement

The Term of this Agreement shall be from the Effective Date of July 31, 2005 through July 31, 2010. At the option and sole discretion of the City, the Term of this Agreement may be extended. Any extension of this Agreement must be in writing. In the event that this Agreement is extended beyond July 31, 2010, the City agrees to submit a request for an increase in rates to the MTA Board to reflect any increased cost to Contractor for increased rental payments for the Properties during the extended Term that are in excess of CPI adjustments to be applied during the terms of Appendices C, D and E.

3. Effective Date of Agreement

This Agreement shall become effective upon the Effective Date.

4. Services Contractor Agrees to Perform

The Contractor shall tow and store any vehicles that DPT, DPH or the SFPD orders removed from any public street or highway or from private property within the City, in accordance with the requirements of the Traffic Code and the Vehicle Code, and shall perform such other related services as are described in this Agreement, in accordance with Appendix A, "Scope of Work," and Appendix B "Operations Plan". Appendix A, Appendix B, and the Operations Plan to be adopted and amended as provided in Section 14 of Appendix A are all attached hereto and incorporated by reference as though fully set forth herein. Rates and charges to the public for services under this Agreement shall be as set forth in Appendix H, attached hereto and incorporated by reference as though fully set forth herein.

All vehicle handling and storage required by this Agreement shall be conducted at one of the Designated Facilities. As of the Effective Date of this Agreement, City hereby licenses to Contractor the use of three (3) real properties on which the Designated Facilities are currently located: Pier 70, 850 Bryant Street, Room 145, and 415 7th Street, San Francisco. The license agreements for those Properties are attached here to as Appendices D and E, respectively, and are incorporated by reference as though

fully set forth herein. The parties acknowledge that during the Term of this Agreement Contractor may, with City's prior written approval and subject to all the conditions contained in such approval, consolidate the Customer Service Center and Primary Storage Facility operations presently conducted at 415 7th Street and 850 Bryant Street to a property owned by Caltrans and leased by Contractor at 450 7th Street ("Consolidation"). Following Consolidation, should City cease to use Contractor for towing services, the terms for the City's continued use of the 450 7th Street property are attached hereto as Appendix I and are incorporated by reference as though fully set forth herein.

City hereby consents to Contractor's towing and storage of vehicles that are not towed or stored pursuant to a Tow Request with the prior written approval of City and subject to any conditions imposed in such written approval; provided however, that (i) Contractor shall at all times conduct itself in accordance with the Customer service standards of this Agreement so as not create any negative effect on Contractor's public image and reputation as the City's towing contractor, and (ii) Contractor's operations with respect to such vehicles shall not create any adverse impact on its performance of all requirements of this Agreement. City may revoke its consent at any time without cause by written notice to Contractor. The following sections of this Agreement shall apply to any towing or storage of vehicles by Contractor within the City and County of San Francisco that are not towed or stored pursuant to a Tow Request: Master Agreement Sections 8, 9, 11, 12, 13, 14, 15, 16, 17, 20, 22, 26, 27, 28, 29, 31, 32, 35, 37, 38, 40, 41, 42, 50; Appendix A Sections 1, 3, 4, 5, 6, 7, 9, 11, 12.1(b), 12.3, 12.5, 12.6, 13, 14; Appendix B, Appendices C, D and E during their respective terms, Appendix G and Appendix H.

5. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to $10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

6. Taxes and Assessments

Contractor agrees to pay prior to delinquency all taxes and assessments of any kind, including but not limited to possessory interest taxes and non-property taxes, which lawfully may be imposed on the Designated Facilities or on Contractor. Contractor is hereby granted City's consent to contest the validity or the amount of any such tax or assessment, if Contractor chooses to do so. Contractor acknowledges and understands that a possessory interest subject to property taxation may or may not be created by the Agreement and that Contractor may or may not be subject to the payment of property taxes levied on such possessory interest. Contractor further acknowledges that Contractor is familiar with San Francisco Administrative Code §§ 23.38-23.39, which require that City submit a report, which includes specified information relating to the creation, renewal, sublease, or assignment of any such possessory interest, to the County Assessor within 60 days after any such transaction. Contractor agrees to provide to City the information required by Administrative Code §§ 23.38-23.39 within thirty (30) days after any such transaction, if requested to do so by City.

7. Payment Does Not Imply Acceptance of Work

The acceptance of any payment by City and/or Contractor's deduction or offset of funds (that would otherwise be paid by City to Contractor as payment for services) from revenues generated under the Agreement shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was received. Work that does not conform to the requirements of this Agreement may be rejected by City and in such case Contractor must take immediate corrective action.

8. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor, or through subcontracts entered into pursuant to Section 27. Contractor will comply with City's reasonable requests regarding assignment of personnel, including the removal of specified personnel upon request of City, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to meet its obligations under this Agreement.

8.1 Contractor Is the Employer of the Employees

Notwithstanding any language in any PEO Contract, and notwithstanding the intent of Contractor and/or any contractor for PEO Contract services in entering into a PEO Contract or as memorialized within a PEO Contract or as a PEO Contract may be construed by any person, Contractor affirms, agrees and warrants that for all purposes under the Agreement and under relevant law applicable to the Agreement, Contractor is the employer of the Employees. Contractor affirms, agrees and warrants that for all purposes of the Agreement, specifically including but not limited to Contractor's duties under Sections 4, 5, 8, 9, 10, 14, 15, 16, 18, 21, 22, 26, 30, 32, 35, 37, 40, 41, 42, 43, 49, 50 of this Agreement, and Section 8 of Appendix A to this Agreement, Contractor is the employer of the Employees.

8.2 PEO Contract Shall Not Control or Modify the Agreement

Notwithstanding any language in any PEO Contract, and notwithstanding the intent of Contractor and/or a PEO Contractor in entering into a PEO Contract or as memorialized within a PEO Contract or as a PEO Contract may be construed by any person, Contractor affirms, agrees and warrants that all provisions of this Agreement are in full force and effect, and that a PEO Contract does not modify Contractor's obligations and duties under this Agreement. Contractor further agrees, affirms and warrants that a PEO Contract shall have no effect upon the City's rights under this Agreement and a PEO Contract does not alter the City's right to enforce all provisions of this Agreement against Contractor directly.

8.3 PEO Contract is a Subcontract to the Agreement

Notwithstanding any language in any PEO Contract, and notwithstanding the intent of Contractor and/or a PEO Contractor in entering into a PEO Contract or as memorialized within a PEO Contract or as a PEO Contract may be construed by any person, Contractor affirms, agrees and warrants that for all purposes under this Agreement and under relevant law applicable to this Agreement, any PEO Contract is a subcontract for the purpose of providing payroll, workers' compensation, work place safety and other human resources services to Contractor. Pursuant to Section 27 of this Agreement, the City hereby approves Contractor's PEO Contract with Gevity HR, which is attached hereto as Appendix F and incorporated by reference as though fully set forth herein. The parties stipulate that no agreement or legal relationship exists between the City and Gevity HR.

8.4 Contractor is Liable for All Actions of PEO Contractor

Notwithstanding any language in any PEO Contract, and notwithstanding the intent of Contractor and/or a PEO Contractor in entering into a PEO Contract or as memorialized within a PEO Contract, or as any

PEO Contract may be construed by any person, Contractor affirms, agrees and warrants that, Contractor shall be liable for all actions of its PEO Contractor insofar as said actions affect the City or Contractor's performance of its duties under the Agreement. For purposes of the Agreement, Contractor shall not assign and has not assigned any of its duties under the Agreement to its PEO Contractor.

8.5 City is not a General or Special Employer to the Employees

The parties agree no employment relationship exists between the City and the Employees. As to the Employees, the City is not a "General Employer" or "Special Employer", as those terms are defined under California law, for any purpose, including but not limited to application of California Labor Code §§ 6300 *et seq.* and California Insurance Code § 11663, or any other applicable statute. Should a court or administrative agency having jurisdiction over the issue determine that the City is a "General Employer" or "Special Employer" of the Employees, Contractor shall fully indemnify the City for all costs and liabilities arising from that finding, including but not limited to consequential and incidental damages, temporary disability indemnity, permanent disability indemnity, medical costs, penalties and fines, vocational rehabilitation costs, and attorneys fees. Contractor's duties and obligations under this section of the Agreement are material obligations guaranteed by the performance guarantee described in Section 12.

8.6 Prevailing Wages

Contractor hereby acknowledges that it has read completely and fully understands San Francisco Administrative Code Section 21.25-2 and agrees that this Agreement shall be subject to, and Contractor shall comply with, all applicable obligations and requirements imposed by that Section.

9. Responsibility for Equipment

City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its Employees, even though such equipment be furnished, rented or loaned to Contractor by City.

10. Independent Contractor; Payment of Taxes and Other Expenses

10.1 Independent Contractor. Contractor or any agent or Employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor or any agent or Employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or Employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or Employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or Employee of Contractor.

Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

10.2 Payment of Taxes and Other Expenses. Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor or any of its agents or Employees is an employee of the City for purposes of collection of any employment taxes, any amounts offset from revenues paid by Contractor to the City under this Agreement shall be reduced by amounts equal to both the employee and employer portions of

the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due to the City (again, offsetting any amounts already paid by Contractor that can be applied as a credit against such liability).

A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in City's financial liability so that City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

10.3 Contractor's Employees. Contractor shall be solely responsible for all matters relating to payment of Contractor's Employees, including compliance with Social Security, withholding and payment of any and all federal, state and local personal income taxes, disability insurance, unemployment, and any other taxes for such persons, including any related assessments or contribution required by law and all other regulations governing City Health Service System, vacation, holiday, retirement or other programs, nor, in the event that City terminates this Agreement shall Contractor have recourse of rights of appeal under City's rules and regulations which are applicable to employees.

10.4 Payroll and Taxation. Contractor shall make or cause to be made all necessary payroll deductions for disability and unemployment insurance, social security, withholding taxes and other applicable taxes, and prepare, maintain and file or cause to be filed all necessary reports with respect to such taxes or deductions, and all other necessary statements and reports pertaining to labor employed in the performance of this Agreement.

11. Required Insurance

Subject to approval by the City's Risk Manager of the insurers and policy forms, Contractor shall place and maintain throughout the Term of this Agreement, and pay the cost thereof, the following insurance policies:

11.1 Comprehensive general liability insurance with limits not less than $5,000,000 (such limit may be provided through a primary and excess policy) each Occurrence, combined single limit for bodily injury and property damage, or in such greater amount and limits as DPT may reasonably require from time to time, including coverage for contractual liability, personal injury, broadform property damage, products and completed operations, independent contractors (excluding towing and dismantling subcontractors), and mobile equipment.

11.2 Sudden and accidental pollution insurance with limits not less than $1,000,000 for each occurrence.

11.3 Comprehensive business/commercial automobile liability insurance with limits not less than $1,000,000 for each Occurrence combined single limit for bodily injury and property damage, including coverage for owned, non-owned and hired automobiles. If Contractor does not own or lease company vehicles that are subject to motor vehicle registration, then only non-owned and hired coverage is required.

11.4 Garage-keeper's legal liability insurance with limits not less than $500,000 for each Occurrence combined single limit for loss and damage to vehicles in Contractor's care, custody or control caused by fire, explosion, theft, riot, civil commotion, malicious mischief, vandalism or collision, with

any deductible not to exceed $25,000 for each Occurrence. Contractor may insure or self-insure loss of non-automobile property in the care, custody, or control of the garage keeper with a limit of $5000.

11.5 Workers' Compensation Insurance, including Employers' Liability, with limits not less than $1,000,000 for each accident, covering all Employees employed by Contractor in the performance of this Agreement to provide statutory benefits as required by the laws of the State of California. Said policy shall be endorsed to provide that the insurer waives all rights of subrogation against the City.

11.6 Environmental impairment liability insurance with limits not less than $1,000,000 each occurrence, covering the sudden and accidental release of hazardous materials and the resulting costs of clean up.

Except as set forth above, any deductibles in the policies listed above shall not exceed $25,000 each occurrence. The insurance policies shall be endorsed to name as an additional insured the City and County of San Francisco and its respective departments, commissioners, officers, agents and employees.

The agreements between the Contractor and its towing and dismantling subcontractors (as applicable) shall require that reasonable insurance is maintained and that the City will be named as an additional insured on the general liability policy.

12. Financial Assurances

12.1 Requirement to Provide Financial Guarantees

Upon the Effective Date of this Agreement, Contractor shall provide, and shall maintain for the time periods specified herein, financial instruments and funds described in this Section 12 as security to ensure Contractor's performance of all terms and conditions of this Agreement and to compensate for any damage to City property and/or other actual costs to City or for reimbursement to Customers for Contractor's violation of the terms of this Agreement, as further described below.

12.2 Letter of Credit

12.2.1 Performance Guarantee. Upon the Effective Date of this Agreement, Contractor shall provide to the City, and shall maintain throughout the Term of this Agreement and for a period of at least ninety (90) days after expiration or termination of this Agreement, or until all of Contractor's obligations have been performed under this Agreement (including but not limited to investigation and remediation obligations under Appendices C, D and E), whichever date is later, a performance guarantee in the form of a confirmed, irrevocable Letter of Credit in favor of the City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency (and during the Term of Appendix D, the Port of San Francisco), in the amount of two million dollars ($2,000,000), guarantying the faithful performance by Contractor of this Agreement and of the covenants, terms and conditions of this Agreement, including all monetary obligations set forth herein, and including liquidated damages and any dishonesty on the part of Contractor.

The City may draw upon such Letter of Credit in circumstances which include, but are not limited to:

(a) To ensure regulatory compliance in the event that Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over Contractor's operations or the Properties used by Contractor for the performance of this Agreement and Contractor does not achieve compliance with the notice of violation or order to the satisfaction of the issuing agency within the time specified by the agency or by the City if the agency does not specify a timeframe.

(b) To reimburse the City for any fine or other charge assessed against the City related to any notice of violation or other regulatory order issued to Contractor.

(c) To reimburse the City for costs associated with City's environmental assessments or corrective action related to Contractor's violation of any of the requirements of Appendices D or E, which may be performed at the City's sole discretion.

(d) To satisfy rental payment obligations for City-owned property licensed to Contractor in Appendices D or E .

(e) To satisfy fines assessed by City against Contractor pursuant to Appendix D of the Agreement.

(f) To compensate City for losses or damage to property caused by Contractor.

12.2.2 Letter of Credit Requirements. The Letter of Credit required by this Section 12 shall be issued on a form and issued by a financial institution acceptable to the City in its sole discretion, which financial institution shall (a) be a bank or trust company doing business and having an office in the State of California, (b) have a combined capital and surplus of at least $25,000,000, and (c) be subject to supervision or examination by federal or state authority. If Contractor defaults with respect to any provision of this Agreement, City may, but shall not be required to, make its demand under said Letter of Credit for all or any portion thereof, to compensate City for any loss or damage which City may have incurred by reason of Contractor's default or dishonesty, including (but not limited to) any claim for fines or liquidated damages; provided, however, that City shall present its written demand to said bank for payment under said Letter of Credit only after City first shall have made its demand for payment directly to Contractor, and five (5) full days have elapsed without Contractor having made payment to City.

12.2.3 Expiration or Termination of Letter of Credit. In the event the City receives notice from the issuer of the Letter of Credit that the Letter of Credit will be terminated, not renewed or will otherwise be allowed to expire for any reason during the period from the commencement of the Term of this Agreement to ninety (90) days after the expiration or termination of this Agreement or the conclusion of all of Contractor's obligations under the Agreement, whichever occurs last, and Contractor fails to provide the City with a replacement Letter of Credit (in a form and issued by a financial institution acceptable to the City) within ten (10) days following the City's receipt of such notice, such occurrence shall be an Event of Default as defined in Section 18 of this Agreement, and, in addition to any other remedies the City may have due to such default (including the right to terminate this Agreement), the City shall be entitled to draw down the entire amount of the Letter of Credit (or any portion thereof) and hold such funds in an account with the Treasurer in the form of cash guarantying Contractor's obligations under this Agreement under the terms of this Section 12. In such event, the cash shall accrue interest to the Contractor at a rate equal to the average yield of Treasury Notes with one-year maturity, as determined by the Treasurer. In the event the Letter of Credit is converted into cash pursuant to this paragraph, upon termination of this Agreement, Contractor shall be entitled to a full refund of the cash (less any demands made thereon by the City pursuant to Section 12.2.4,) within ninety (90) days of the termination date, including interest accrued through the termination date.

12.2.4 Demands Upon Letter of Credit. City may use all or any portion of the Letter of Credit to compensate City for any loss or damage that it may have incurred by reason of Contractor's negligence or breach. Such loss or damage may include without limitation any damage to or restoration of the Properties for which Contractor is responsible, and claims for fines and/or liquidated damages. Should the City terminate this Agreement due to a breach by Contractor, the City shall have the right to draw from the Letter of Credit those amounts necessary to pay any fees or other financial obligations under the Agreement and perform the towing and storage services described in this Agreement until such time as the City procures another contractor and the agreement between the City and that contractor becomes effective. The Treasurer shall have sole authority and responsibility to make demands upon the Letter of Credit. The Treasurer shall not allow any demands made to the Letter of Credit pursuant to claims arising from Section 6(c) of Appendix C to exceed a combined outstanding amount of more than four hundred thousand dollars ($400,000.00) In addition, the Treasurer shall not allow any demands to be made to the Letter of Credit pursuant to claims arising from Section 6(b) of Appendix C to exceed a combined outstanding amount of more than twice the amount of the current Base Fee established in

Appendix D, Section 5, including all periodic CPI adjustments up to the date of the demand on the Letter of Credit. The Treasurer shall not allow any demands made to the Letter of Credit pursuant to claims arising from any section of the Agreement, excluding Appendices C and D, to exceed a combined outstanding amount of more than one million three hundred thousand dollars ($1,300,000.00).

12.2.5 Depletion of Letter of Credit. If any portion of a Letter of Credit is used by City, Contractor shall provide written proof that the Letter of Credit has been restored to its initial value, which shall require a replacement Letter of Credit in the face amount of the required Letter of Credit. Contractor's failure to do so within the time limits specified in Section 18.1.1(f) shall constitute an Event of Default as defined in Section 18 of this Agreement.

12.2.6 Dispute Resolution. In the event that a dispute arises between the City and Contractor concerning this Agreement or the use or maintenance of the Letter of Credit, Contractor may appeal to the Director of Transportation within fourteen (14) days of demand on the Letter of Credit with evidence supporting Contractor's claim for relief from the demand on the Letter of Credit. The Director of Transportation will respond within fourteen (14) days. Any failure of the Director of Transportation to respond within fourteen (14) days shall be deemed a rejection of Contractor's claim for relief from the demand on the Letter of Credit. Contractor's claim for relief from demands on the Letter of Credit and the Director of Transportation's response to such demand shall constitute the administrative remedy for Agreement interpretation described in Section 46 herein. Each party reserves its remedies in equity and law. No decision by the City concerning the Letter of Credit shall prevent Contractor from seeking restoration of the funds by appropriate legal action.

12.3 Maintenance Deposit: Upon execution of this Agreement, Contractor shall deposit with City the amount of one hundred thousand dollars ($100,000) as a maintenance deposit. These funds may be used by City when maintenance required by this Agreement is not done in a timely manner or in accordance with the standards of this Agreement. Contractor shall be responsible for replenishing this maintenance deposit fund to maintain a balance of one hundred thousand dollars ($100,000) within fifteen (15) days of any date that the fund falls below the minimum balance. Failure to replenish the maintenance deposit fund for more than forty-five (45) days shall be an Event of Default under this Agreement. Any interest accrued and earned on the maintenance deposit fund shall be retained by City.

12.4 Claims Fund. Contractor shall at all times maintain a Claim Fund for payment of Claims. Contractor shall maintain at least fifty-thousand dollars ($50,000) in the Claim Fund at all times. Contractor shall be responsible for replenishing this Claims Fund to maintain a balance of fifty thousand dollars ($50,000) within fifteen (15) days of any date that the fund falls below the minimum balance. Failure to replenish the Claims Fund for more than forty-five (45) days from the date that it falls below the minimum balance shall be an Event of Default under this Agreement.

12.5 Environmental Oversight Deposit. Upon the Effective Date of this Agreement, Contractor shall provide to the City, and shall maintain and replenish throughout the term of the property license set forth in Appendix D ("Pier 70 License") and for a period of at least ninety (90) days after termination or expiration of the Pier 70 License, an Environmental Oversight Deposit in the amount of ten thousand dollars ($10,000), which shall be deposited in an account specified by City. If Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over Pier 70 and or its operations (other than from the Port of San Francisco), and such notice is not cured within fourteen (14) days, the City may draw from this deposit to reimburse the City for staff costs incurred by the City while inspecting site conditions and enforcing and administering the Hazardous Materials provisions of the Pier 70 License. If Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the site and or its operations (other than from the Port of San Francisco), and such notice is cured within fourteen (14) days, the City may draw from this deposit in an amount not to exceed $500 to reimburse the City for staff costs incurred by the City. The City will submit an invoice to Contractor for any such costs, and Contractor will pay such invoiced amounts within thirty (30) days to replenish the Environmental Oversight Deposit. Contractor's failure to pay such costs within thirty (30) days, or to replenish the Environmental Oversight Deposit if drawn upon, will constitute an Event of Default.

13. Insurance and Performance Guarantee Requirements

All insurance policies and Letters of Credit obtained pursuant to this Agreement shall be endorsed to provide:

13.1 That thirty (30) days prior written notice of cancellation, non-renewal or reduction in coverage or limits shall be given to DPT in the manner and at the addresses specified below (and during the term of Appendix D, to the Port of San Francisco in the manner and at the address specified in Appendix D); and

13.2 That any insurance required by this Agreement is primary to any other insurance available to an additional insured with respect to claims arising out of this Agreement and that insurance applies separately to each insured against whom a claim is made or a suit is brought, but the inclusion of more than one insured shall not operate to increase the insurer's limits of liability.

13.3 Two copies of any Letter of Credit, and two copies of each original policy or policy endorsement of insurance shall be provided to DPT (and during the term of Appendix D, to the Port of San Francisco) upon the Effective Date of this Agreement, and complete copies of any insurance policies obtained pursuant to this Agreement shall be provided to DPT (and during the term of Appendix D, to the Port of San Francisco) if requested at any time.

13.4 Upon City's request, Contractor shall provide satisfactory evidence that Contractor has adequately provided for Social Security and Unemployment Compensation benefits for Contractor's Employees.

13.5 Contractor shall comply with the provisions of any insurance policy covering Contractor or the City, and with any notices, recommendations or directions issued by any insurer under such insurance policies so as not to adversely affect the insurance coverage.

14. Contractor's Representations and Warranties

Contractor hereby represents and warrants as follows:

14.1 Experience. Contractor is experienced in the operation and management of automobile towing and disposal services and hereby agrees to apply its best efforts and most efficient methods in performance of this Agreement.

14.2 Formation. Contractor is a duly formed, validly existing and in good standing limited liability company under the laws of the State of California.

14.3 Authority. Contractor has full power and authority (corporate or otherwise) to enter into this Agreement and to consummate the transactions contemplated by it. This Agreement has been duly authorized by all necessary action on the part of Contractor, and no other corporate or other action on the part of Contractor is necessary to authorize the execution and delivery of this Agreement.

14.4 Conflicts and Consents. The execution and delivery by Contractor of this Agreement and the performance by Contractor of the transactions contemplated by it will not violate any federal, state or local law, rule or regulation, or conflict with or result in any breach or violation of, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or constitute an event or condition that would permit termination or acceleration of the maturity of, the Articles of Incorporation, bylaws or partnership agreement of Contractor (as applicable) or any indenture, mortgage, lease, agreement or other instrument or obligation to which Contractor is a party or by which it may be bound which would materially adversely affect the ability of Contractor to perform its obligations under this Agreement. No approval, authorization, consent or other order or action of, or filing or registration with, any person, entity or governmental authority is required for the execution and delivery by Contractor of this Agreement.

14.5 Conflict with Orders. The execution and delivery by Contractor or this Agreement will not conflict with any order, judgment or decree of any court, government, government agency or instrumentality, whether entered pursuant to consent to otherwise, by which Contractor may be bound or affected.

14.6 Litigation. There is no litigation, action, arbitration, grievance, administrative proceeding, suit or claim filed and pending, nor is there any investigation by a governmental agency of Contractor or any of its affiliates that, if adversely decided, could have a material adverse impact on Contractor's ability to perform its obligations under this Agreement.

15. Indemnification

Contractor shall indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof for injury to or death of a person, including Employees of Contractor or loss of or damage to property, resulting directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, the use of Contractor's facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City. The foregoing indemnification does not include the limitations on Contractor's liability described in Appendix D, Sections 24.3 and 24.8.

In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter.

As to any intellectual property that Contractor provides to the City in the performance of this Agreement, Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons, arising as a consequence of the use by City of the intellectual property supplied by the Contractor, or any of its officers or agents.

16. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

17. Liability of City

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

18. Default; Remedies

18.1 Each of the following shall constitute an event of default ("Event of Default") under this Agreement; provided, however, that with the exception of the Events of Default listed in Section 18.1.1 below, Contractor shall have thirty (30) days after the date of written notice of the default sent by City to cure the default before an Event of Default exists:

18.1.1 The following conduct by Contractor shall constitute an Event of Default at the time it occurs without a right to cure under this Section 18, and shall be grounds for termination pursuant to Section 19:

(a) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 5, 6, 11, 12.2.1, 13, 22, 28, 35 and 54.

(b) Substantial abandonment or discontinuance by Contractor, without the prior written consent of the City, of any or all of the services and operations required hereunder.

(c) Contractor's representation or warranty made pursuant to this Agreement which Contractor made knowing that it was not true and correct at the time when made.

(d) Failure of Contractor to replenish the maintenance deposit or Claims Fund required by Sections 12.3 and 12.4 and such failure continues for more than forty-five (45) days.

(e) Failure of Contractor to replenish the Environmental Oversight Deposit required by Section 12.5 and such failure continues for more than thirty (30) days.

(f) Failure to replace the Letter of Credit as required by Sections 12.2.3 and 12.2.5 within twenty (20) days of (i) City's receipt of notice of its termination or expiration, or (ii) use by City of the Letter of Credit, unless City's use is challenged pursuant to Section 12.2.6, in which event the twenty (20) days shall run from the date of the Director of Transportation's denial of the challenge, or fourteen (14) days from the date of the challenge, whichever is later.

18.1.2 Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement.

18.1.3 Contractor (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (E) takes action for the purpose of any of the foregoing.

18.1.4 A court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Contractor, or (D) levying of a writ of attachment or execution against any of Contractor's property.

18.1.5 Failure of Contractor to pay when due any other amount owing from Contractor to the City, including without limitation rents, taxes, fees or other charges, whether or not such amounts are related to this Agreement; provided, however, that if Contractor disputes the amount of any such

obligation in good faith and is actively negotiating or litigating such dispute, Contractor's failure to pay such amount shall not constitute a default under this paragraph.

18.1.6 Failure of Contractor to abide by any of the terms or conditions of the Port MOU, set forth in Appendix C to this Agreement.

18.2 On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. City's right to termination for an Event of Default shall be subject to Contractor's opportunity to cure such Event of Default pursuant to the terms of Sections 18.1 and 19. In addition, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor all damages, losses, costs or expenses incurred by City as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement.

18.3 All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

19. Termination

The City shall have the right to terminate this Agreement after written notice to Contractor upon the occurrence of any Event of Default, provided, however, that Contractor shall have a period of ten (10) days from the date of City's notice of intent to terminate to cure such default before City's termination for cause may become effective.

19.1 Termination Effective Upon Notice. Termination under this Section shall be effective immediately upon notice being given by DPT to Contractor and after the expiration of any applicable cure periods. Upon such termination, all rights, powers, privileges and authority granted to Contractor under this Agreement shall cease, and Contractor shall immediately thereupon vacate the Designated Facilities, except as may be permitted pursuant to Section 54 (Transition Period), below.

19.2 Termination Not Exclusive Remedy. The City's right to terminate this Agreement under this Section is not its exclusive remedy but is in addition to all other remedies provided to it by law or the provisions of this Agreement.

19.3 Duties Upon Termination. Upon termination of this Agreement, the City and Contractor shall promptly pay to the other, as soon as is determinable after the effective date of termination, all amounts due each other under the terms of this Agreement, and upon such payment neither shall have any further claim or right against the other, except as expressly provided herein. Upon the effective date of termination, Contractor shall deliver to the DPT the originals of all books, permits, plans, Records, licenses, contracts and other documents pertaining to Contractor's operation under this Agreement, any insurance policies, bills of sale or other documents evidencing title or rights of the City, and any and all other Records or documents pertaining to Contractor's operation under this Agreement, any insurance policies, bills of sale or other documents evidencing title or rights of the City, and any and all other Records or documents pertaining to the Designated Facilities, whether or not enumerated herein, which are requested by the City or necessary or desirable for the ownership and operation of the Designated Facilities, which are then in possession of Contractor. Contractor further agrees to do all other things reasonably necessary to cause an orderly transition of the management and operation of the services provided by Contractor under this Agreement without detriment to the rights of the City or to the continued operation of such services.

20. Provisions of Agreement Surviving Termination or Expiration

This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement: 1, 5, 6, 7, 9, 10, 12 (except for 12.2.5), 14, 15, 16, 17, 18.2, 18.3, 19.3, 20, 22.1, 23, 24, 25, 26, 29, 38, 39, 43, 46, 47, 48, 49, 53, 54, 55, 56 and 57; and Appendix A Sections 1.3(b), 4.1, 5.2, 12, 13.3, 15.1, 15.2, 15.7(1), 15.7(2), 15.10(7) and 15.11.

21. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provisions of §15.103 and Appendix C 8.105 of City's Charter and § 87100 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions.

22. Proprietary or Confidential Information

22.1 Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that to the extent permitted by law, all information disclosed by City to Contractor shall be held in confidence and used only in performance of 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 data.

22.2 Contractor understands and agrees that the City's Sunshine Ordinance (Administrative Code, Chapter 67) and the California Public Records Act (Gov. Code section 6250 *et seq.*), apply to the Agreement. Contractor shall cooperate with City in the compilation, copying and production of records in its custody that are subject to requests for public records. The City is not required to take any action, or to refuse to release information where to do so would violate applicable law. During the Term, the City will endeavor to provide Contractor reasonable notice of any request for public information that seeks disclosure of confidential or proprietary information that Contractor has provided to City under the Agreement and that Contractor has identified as confidential and proprietary. Contractor may at its option then take whatever legal steps it deems appropriate to protect said information from disclosure to the public, but the City shall have no further obligation to protect said information from disclosure. Contractor shall clearly identify to City all information that Contractor provides to City that it considers to be proprietary, trade secret or is otherwise protected from disclosure under the California Public Records Act, the City's Sunshine Ordinance and other applicable law.

23. Notices to the Parties

Any insurance certificates or notices required under Sections 11, 12, 13, 15, 18, 19, 46 or 52 of the Agreement must be sent by first class, certified U.S. mail, postage pre-paid. All other written communications, unless otherwise indicated elsewhere in this Agreement, may be by first class U.S. mail, by email, or by fax, and shall be addressed as follows, or to such other address as designated by the parties in writing:

To Contractor:

San Francisco AutoReturn
Attention: John Wicker, President and CEO
450 7th Street
San Francisco, CA 94103
Telephone: 415-626-3380
Facsimile 415-626-3381
Email: jwicker@autoreturn.com

To City:	City and County of San Francisco Department of Parking and Traffic Attention: Steve Bell 25 Van Ness Avenue, Suite 230 San Francisco, CA 94105 Telephone: 415-554-9825 Facsimile: 415-252-3272 Email: steve.bell@sfgov.org

24. Ownership of Results

Any interest of Contractor or its Subcontractors, in the Records prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities. To the extent that the use of proprietary software or other proprietary information or intellectual property is required to access or utilize the data contained in the Records, or that Contractor holds particular work practices or methods to be proprietary, Contractor hereby grants the City a perpetual, royalty-free, nonexclusive, nontransferable, limited license, to use and reproduce said proprietary information or intellectual property, solely for City's internal purposes related to the towing, storage, and disposal of abandoned and illegally parked vehicles.

25. Works for Hire

Subject to the limited license set out in Section 24 above, any artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, source codes, or any other original works of authorship of Contractor that are not Records, are proprietary to Contractor and shall not be considered works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of Contractor.

26. Audit and Inspection of Records

26.1 Records. Contractor shall maintain, in accordance with generally accepted accounting principles and business practices, all books, accounts and Records created in the performance of this Agreement in accordance with the requirements of Appendix A. Such books, accounts and Records shall be maintained throughout the Term of this Agreement at one of the Designated Facilities, or at Contractor's Headquarters Office. Records created or maintained in an electronic format shall be submitted monthly in an electronic format as specified by DPT, which may be an electronic database format or a static electronic format, such as PDF or an electronic format that attaches a date or time stamp to each document and record entry that cannot be erased or altered Contractor shall deliver said copy of the Records with the Monthly Management Report described in Appendix A, Section 13.

Except as otherwise specified herein, Contractor shall maintain Records related to this Agreement in a safe and secure location available for inspection and copying by City for a period of five (5) years following termination of this Agreement.

26.2 City's Right to Inspect. Any duly authorized agent of City shall have the right to examine, at any time during normal business hours, all books, accounts and Records, including computer records, of the type described above.

26.3 Audit. Within sixty (60) days of the expiration or termination of the Agreement, an independent auditor approved by the Controller shall conduct an audit of those records pertaining to Contractor's performance during the final year of this Agreement, including a summary report of prior annual audits conducted pursuant to Appendix A, Section 12.6. Such audit shall include a review of all records involving the removal, impoundment and disposition of vehicles pursuant to this Agreement

during the previous and current audit periods. All costs of such audits are to be paid by the Contractor. A certified copy of each such audit report shall be furnished promptly to DPT and the Controller not more than 120 days following the expiration of the Agreement.

26.4 Retention of Records. Contractor shall retain all records of subcontracts, Employee payroll and benefits, tax assessments and payments, and those records and reports described in Sections 10 and 26 of this Agreement for a period of not less than four (4) years from date of termination of this Agreement.

27. Subcontracting

Except as specifically provided in this Agreement, Contractor shall not enter into any subcontract for the performance of all or any part of this Agreement for the acquisition of towing services, security services, vehicle handling or disposal services, auctioneer or appraisal services, Customer relations services or with any PEO Contractor without the prior written consent of the City, which consent shall not be unreasonably withheld. Any attempt to enter into such a subcontract without such consent shall be null and void. Subject to the foregoing, this Agreement shall be binding upon, enforceable by, and shall inure to the benefit of any permitted subcontractor.

28. Assignment

Contractor shall not assign or otherwise transfer this Agreement or any of Contractor's rights, duties or interest under this Agreement without the prior written consent of the City. Any attempted assignment or transfer without such consent shall be null and void. Subject to the foregoing, this Agreement shall be binding upon, enforceable by, and shall inure to the benefit of the successors and permitted assigns of the Contractor.

29. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

30. Earned Income Credit (EIC) Forms

Administrative Code Chapter 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

30.1 Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty (30) days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the Term of this Agreement.

30.2 Failure to comply with any requirement contained in Section 30.1 of this Agreement shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty (30) days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

30.3 Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

30.4 Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12O of the San Francisco Administrative Code.

31. Minority/Women/Local Business Utilization; Liquidated Damages

31.1 Compliance. Contractor understands and agrees to comply fully with all applicable provisions of Chapter 12D.A ("Minority/Women/ Local Business Utilization Ordinance--IV") of the San Francisco Administrative Code set forth in the RFP, Contractor's Proposal and this Agreement, and agrees to include such provisions in all subcontracts (as defined in Section 27) made in fulfillment of the Contractor's obligations under this Agreement. Said provisions are incorporated by reference and made a part of this Agreement as though fully set forth herein. Contractor's willful failure to comply with Chapter 12D.A is a material breach of contract.

31.2 Enforcement. If Contractor willfully fails to comply with any of the provisions of Chapter 12D.A set forth in this Agreement pertaining to MBE or WBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or 10% of the total amount of this Agreement, or $1,000, whichever is greatest. City may also impose other sanctions against Contractor authorized in Chapter 12D.A, including declaring the Contractor to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Contractor's MBE or WBE certification. City will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to §12D.A.16(B). By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by City shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City. Contractor agrees to maintain records necessary for monitoring its compliance with this Section 31 for a period of three (3) years following termination of this contract, and shall make such records available for audit and inspection by HRC or the Controller upon request.

31.3 Subcontracting Goals. The MBE/WBE subcontracting participation goal for this contract is 12% of Gross Revenues. Contractor shall fulfill this goal throughout the duration of this Agreement. Contractor shall not participate in any back contracting to the Contractor or lower-tier subcontractors, as defined in Chapter 12D.A, for any purpose inconsistent with the provisions of Chapter 12D.A, its implementing rules and regulations, or this Section.

31.4 Subcontract Language Requirements. Contractor shall include in all subcontracts with MBEs or WBEs made in fulfillment of Contractor's obligations under this Agreement, a provision requiring Contractor to compensate any MBE or WBE subcontractor for damages for breach of contract or liquidated damages equal to 5% of the subcontract amount, whichever is greater, if Contractor fails to comply with the requirements of this Section, unless Contractor received approval from City to substitute subcontractors or to otherwise modify the commitments in the bid or proposal. Such provisions shall also state that it is enforceable in a court of competent jurisdiction. Subcontracts shall require the subcontractor to maintain records necessary for monitoring its compliance with this Section 31 for a period of three (3) years following termination of this contract and to make such records available for audit and inspection by City upon request.

31.5 Payment of Subcontractors. Contractor shall pay its subcontractors within thirty (30) days after receiving an invoice or request for payment from a subcontractor, unless Contractor notifies City in writing within ten (10) working days prior to receiving payment from the City that there is a bona fide dispute between Contractor and its subcontractor, in which case Contractor may withhold the disputed amount but shall pay the undisputed amount.

32. Nondiscrimination; Penalties

32.1 Contractor Shall Not Discriminate. In the performance of this Agreement, Contractor agrees not to discriminate against any Employee, City and County employee working with such

contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

32.2 Nondiscrimination in Benefits. Contractor does not as of the date of this Agreement and will not during the Term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

32.3 Condition to Contract. As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

32.4 Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

33. MacBride Principles—Northern Ireland

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

34. Tropical Hardwood and Virgin Redwood Ban

Pursuant to § 804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

35. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Contractor agrees that any violation of this prohibition by Contractor, its Employees, agents or assigns will be deemed a material breach of this Agreement.

36. Resource Conservation

Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

37. Compliance with Americans with Disabilities Act

Contractor acknowledges that the Americans with Disabilities Act ("ADA") requires that programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor further acknowledges its obligation to comply with the ADA and any other federal, state or local disability rights legislation. Contractor warrants that it will fulfill that obligation, and that it will not discriminate against disabled persons in the provision of services, benefits or activities pursuant to this Agreement.

38. Sunshine Ordinance

38.1 Documents Subject to Disclosure by the City. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public by the City upon request.

38.2 Documents Subject to Disclosure by Contractor. Contractor agrees that it shall comply with San Francisco Administrative Code § 67.29-7(c), the provisions of which are set out in full below:

> In any contract, agreement or permit between the City and any outside entity that authorizes that entity to demand any funds or fees from citizens, the City shall ensure that accurate records of each transaction are maintained in a professional and businesslike manner and are available to the public as public records under the provisions of this ordinance. Failure of an entity to comply with these provisions shall be grounds for terminating the contract or for imposing a financial penalty equal to one-half of the fees derived under the agreement or permit during the period of time when the failure was in effect. Failure of any Department Head under this provision shall be a violation of this ordinance. This paragraph shall apply to any agreement allowing an entity to tow or impound vehicles in the City and shall apply to any agreement allowing an entity to collect any fee from any persons in any pretrial diversion program.

Contractor's compliance with Section 67.29-7(c) is a material term of the Agreement.

38.3 Public Records Requests from Public. If any member of the public communicates a public records request directly to Contractor, Contractor shall refer the requestor to DPT. In no event shall Contractor respond directly to a public records request or attempt to communicate a public records request to DPT on behalf of the requestor. DPT will work with Contractor, and Contractor shall cooperate with DPT to identify responsive records in Contractor's possession. If production of requested records involves significant staff time of Contractor, City in its sole discretion may elect to collect legally authorized fees from the requestor and credit some or all of the fees to Contractor.

39. Notification of Limitations on Contributions

This paragraph applies if this contract is in excess of $50,000 over a 12-month period or less and is for: (1) personal services; or (2) the selling or furnishing of any material, supplies or equipment; or (3)

any combination of personal services and the selling or furnishing of any material, supplies or equipment. San Francisco Campaign and Governmental Conduct Code (the "Conduct Code") Section 3.700 et. seq., and San Francisco Ethics Commission Regulations 3.710(a)-1 – 3.730-1, prohibit the public officials who approved this contract from receiving: (1) gifts, honoraria, emoluments or pecuniary benefits of a value in excess of $50; (2) any employment for compensation; or (3) any campaign contributions for any elective office for a period of up to six years from individuals and entities who are "public benefit recipients" of the contract. Public benefit recipients of the contract are: (1) the individual, corporation, firm, partnership, association, or other person or entity that is a party to the contract; (2) an individual or entity that has a direct 10% equity, or direct 10% participation, or direct 10% revenue interest in that party at the time the public benefit is awarded; or (3) an individual who is a trustee, director, partner or officer of the contracting party at the time the public benefit is awarded.

Contractor understands that any public official who approved this contract may not accept campaign contributions, gifts, or future employment from Contractor except as provided under the Conduct Code. Contractor agrees to notify any other individuals or entities that may be deemed "public benefit recipients" under the Conduct Code because of this contract. Upon request, Contractor agrees to furnish, before this contract is entered into, such information as any public official approving this contract may require in order to ensure such official's compliance with the Conduct Code. Upon request, the City agrees to provide, before this contract is entered into, Contractor with a list of public officials who, under the Conduct Code, approved this contract. Failure of any public official who approved this contract to abide by the Conduct Code shall not constitute a breach by either the City or Contractor of this contract. Notwithstanding anything to the contrary in this contract, neither party shall have the right to terminate the contract due to any failure by the other party to provide the information described in this paragraph.

40. Requiring Minimum Compensation for Covered Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at http://www.sfgov.org/oca/lwlh.htm. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, Contractor agrees to all of the following:

40.1 For each hour worked by a Covered Employee during a Pay Period on work funded under the City contract during the Term of this Agreement, Contractor shall provide to the Covered Employee no less than the Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, Contractor shall pay a minimum of $10.77 an hour beginning January 1, 2005 and for the remainder of the term of this Agreement; provided, however, that Contractors that are Nonprofit Corporations or public entities shall pay a minimum of $9 an hour for the term of this Agreement.

40.2 Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to Contractor's compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

40.3 Contractor understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Contractor of the terms of this Agreement. The City, acting through DPT, shall determine whether such a breach has occurred.

40.4 If, within thirty (30) days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured

within such period of thirty (30) days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

40.4.1 The right to charge Contractor an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

40.4.2 The right to set off all or any portion of the amount described in Subsection 40.4.1 of this Section against amounts due to Contractor under this Agreement;

40.4.3 The right to terminate this Agreement in whole or in part;

40.4.4 In the event of a breach by Contractor of the covenant referred to in Subsection 40.2 of this Section, the right to seek reinstatement of the Employee or to obtain other appropriate equitable relief; and

40.4.5 The right to bar Contractor from entering into future contracts with the City for three (3) years. Each of the rights provided in Section 40.4 shall be exercisable individually or in combination with any other rights or remedies available to the City. Any amounts realized by the City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

40.4.6 Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

40.4.7 Contractor shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Contractor from the City, which communications are marked to indicate that they are to be distributed to Covered Employees.

40.4.8 Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the MCO, including reports on subcontractors.

40.4.9 The Contractor shall provide the City with access to pertinent records after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

40.4.10 The City may conduct random audits of Contractor. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten (10) days of the written notice; and (iv) limited to one audit of Contractor every two (2) years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

40.4.11 Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract for the purpose of this Section 40 means an agreement between the Contractor and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Contractor shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It

is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

40.4.12 Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections 40.1 and 40.2 of this Section, and may pursue the following remedies in the event of a breach by Contractor of subsections 40.1 and 40.2, but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the twenty-one (21) day period required by the MCO. Contractor understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (2) in the event of a breach by Contractor of subsections 40.1 or 40.2, the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against Contractor arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. Contractor also understands that the MCO provides that if Contractor prevails in any such action, Contractor may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

41. Requiring Health Benefits for Covered Employees

Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this agreement as though fully set forth. The text of the HCAO is available on the web at http://www.sfgov.org/oca/lwlh.htm. Capitalized terms used in this Section and not defined in this agreement shall have the meanings assigned to such terms in Chapter 12Q.

41.1 For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

41.2 Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with this Section 41.1 above.

41.3 Contractor's failure to comply with the HCAO shall constitute a material breach of this Agreement. City shall notify Contractor if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5(f)(1)-(5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

41.4 Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for notifying City with regard to Contractor's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

41.5 Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

41.6 Contractor shall keep itself informed of the current requirements of the HCAO.

41.7 Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

41.8 Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five business days to respond.

41.9 City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

42. First Source Hiring Program

42.1 Incorporation of Administrative Code Provisions by Reference. The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

42.2 First Source Hiring Agreement

42.2.1 Contractor will comply with First Source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the exclusive opportunity to initially provide Qualified Economically Disadvantaged Individuals for consideration for employment for Entry Level Positions. The duration of the First Source interviewing requirement shall be ten (10) days, unless business necessity requires a shorter period of time.

42.2.2 Contractor will comply with requirements for providing timely, appropriate notification of available Entry Level Positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of Qualified Economically Disadvantaged Individuals to participating Employers.

42.2.3 Contractor agrees to use good faith efforts to comply with the First Source hiring requirements. A Contractor may establish its good faith efforts by filling: 1) its first available Entry Level Position with a job applicant referred through the First Source Program; and, 2) fifty percent (50%) of its subsequent available Entry Level Positions with job applicants referred through the San Francisco Workforce Development System. Failure to meet this target, while not imputing bad faith, may result in a review of the Contractor's employment records.

42.3 Hiring Decisions. Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

42.4 Exceptions. Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

42.5 Liquidated Damages. Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of $2,070 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

43. Prohibition on Political Activity with City Funds

In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years.

44. Preservative-treated Wood Containing Arsenic

As of July 1, 2003, Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The Term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The Term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

45. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved by Contractor and by the Director of Transportation, except where the approval of the Municipal Transportation Agency Board or the San Francisco Board of Supervisors is required by applicable law, in which case, the approval of those agencies shall also be required.

46. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to the Director of Transportation, who shall decide the true meaning and intent of the Agreement.

47. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

48. Construction

All paragraph, article, and section captions and headings contained in this Agreement are for reference and convenience only and shall not be considered in construing the scope or meaning of this Agreement. Unless this Agreement specifically provides otherwise, it is to be construed in the following manner.

48.1 Syntax. Whenever the context of this Agreement requires, the singular shall include the plural, the plural shall include the singular, the masculine shall include the feminine and the feminine shall include the masculine.

48.2 References. Unless otherwise indicated, references to Articles, Sections and subsections are to Articles, Sections and subsections in this Agreement.

49. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 45.

This Agreement contains the entire agreement between the parties with respect to the subject matter of this Agreement and any prior agreements, discussions or understandings, written or oral, are superseded by this Agreement and shall be of no force or effect. No addition or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by the parties to this Agreement.

50. Compliance with Laws

Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time. Contractor shall comply and conform with all laws and all governmental regulations, rules and orders that may from time to time be put into effect relating to, controlling or limiting Contractor's performance under this Agreement or enjoyment of any rights or privileges granted hereby. Contractor shall secure all permits and licenses specifically required for Contractor's performance under this Agreement (copies of which shall be promptly provided to City), and shall comply with all applicable laws and regulations relating to labor employed in and relating to Contractor's performance under this Agreement. Contractor shall not use or occupy the Designated Facilities in an unlawful, noisy, improper or offensive manner and shall use its best efforts to prevent any occupancy of the Designated Facilities or use made thereof which is unlawful, noisy, improper or offensive or contrary to any law or ordinance applicable to them. Contractor shall not cause or maintain any nuisance in or about the Designated Facilities, and shall use its best efforts to prevent any person from doing so. Nor shall Contractor cause any rubbish, dirt or refuse to be placed in the streets, sidewalks or alleys adjoining the Designated Facilities or to accumulate in the Designated Facilities.

51. Services Provided by Attorneys

Any services required under this Agreement that are to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

52. Unavoidable Delays

Any prevention, delay or stoppage in a party's performance of any part of this Agreement due to an Unavoidable Delay shall excuse the performance of the party affected for a period of time or otherwise in a manner that bears a causal relationship and is in proportion to any such prevention, delay or stoppage.

53. Severability

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be

enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

54. Transition Period

54.1 Notwithstanding any other provision of this Agreement to the contrary, Contractor hereby agrees that it shall cooperate in good faith with City and with any contractor chosen by City pursuant to a competitive selection process to take over Contractor's obligations after the expiration of this Agreement, or any contractor designated by City to provide towing services following termination of this Agreement pursuant to §19 herein, for the smooth and efficient transfer of those functions.

54.2 Contractor agrees to take all actions as may be necessary or as the City may direct for the protection and preservation of any property related to this Agreement that is in the possession of Contractor and in which City has or may acquire an interest, including any environmental remediation required under Appendices C, D and E. Contractor acknowledges that City has a vested interest for payment of fees for vehicles that Contractor has towed and/or is storing, and Contractor shall not impair said interest and shall take all actions reasonably necessary to safeguard City's interest in said towed and stored vehicles.

54.3 Contractor shall remove any towed and/or stored vehicles from City property by the termination date and shall relocate said vehicles to a location approved by the City or (subject to City approval) authorize a successor contractor to serve as an agent of Contractor for purposes of conducting any lien sale auctions that may be required for disposal of such vehicles.

54.4 Contractor shall provide City or any successor contractor with all information necessary, in a form approved by the City, to facilitate retrieval by the registered owner of any vehicle upon which Contractor holds a lien.

54.5 If Contractor has implemented the Consolidation (as defined in Section 4) of the Customer Service Center and Primary Storage Facility as of the termination of this Agreement, Contractor agrees to assign all right, title and interest of Contractor in the 450 7th Street property to the City, subject to the payment terms specified in Appendix I, as part of the transition of towing operations to a successor towing services contractor.

55. Administration of Contract

This Agreement shall be administered by and for the City by DPT. The Director of DPT shall, unless otherwise stated herein, have the authority to act for or on behalf of the City in the administration of this Agreement.

56. Required Actions

Contractor agrees to execute all instruments and documents and to take all actions as may be required or necessary in order to carry out the purposes and terms of this Agreement.

57. Non-impairment of City-Owned Towing Equipment and Facilities

Nothing contained in this Agreement shall be deemed to prohibit, limit or otherwise restrict the use and operation by City of City-owned towing equipment or storage facilities, or the procurement by City of towing services for City-owned vehicles.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT ON THE DAY FIRST MENTIONED ABOVE.

CITY

Recommended by:

BOND M. YEE
Acting Director
Department of Parking and Traffic

APPROVED:

STUART SUNSHINE
Acting Director of Transportation
Municipal Transportation Agency

Approved as to Form:

DENNIS J. HERRERA
City Attorney

By:
Christiane Hayashi
Deputy City Attorney

MTAB Resolution Number: 05-085
Date: JUNE 7, 2005
Attest: R. Boomer
Roberta Boomer
Secretary,
Municipal Transportation Agency Board

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitles Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 33, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

JOHN WICKER
President and CEO
TEGSCO, LLC,
d.b.a. San Francisco AutoReturn
450 7th Street
San Francisco, CA 94103
Phone No.: 415-626-3380
Employer ID No.: 01-0688299

LIST OF APPENDICES

A. Scope of Work

B. Services and Standards (Operations Plan)

Appendix A/Scope of Work Elements:

§ 2.6:	Tow Service Plan
§ 4.6(a):	Police Department Procedures
§ 5.1(e):	Customer Service Manual
§ 5.2(d):	Claims/Complaint Processing Plan
§ 8.2(a):	List of Approved Subcontractors
§ 8.2(b):	Subcontractor Compensation Plan
§ 8.2(c):	Subcontractor Performance Standards
§ 8.3:	Employee Training Plan
§ 8.4:	Policy and Procedure Manual
§ 8.5:	Staffing Plan
§ 11.3:	Security Plan
§ 11.4:	Personal Property Plan

Appendix D/Pier 70 Premises Management Elements (*see* Appendix C, §14(k)).

1. Pollution Prevention Plan
2. Utilities Maintenance Plan
3. Pier 70 Premises Maintenance Plan
4. Facility plan
5. Public Auction Plan

C. 2005 DPT-Port MOU

D. Pier 70 Property License

E. 415 7th Street and 850 Bryant Street Property License

F. PEO Contracts

G. Letter of Credit

H. Rate Schedule

I. Consolidated Facility Payment Schedule

Exhibit 2
Appendix A (Scope of Services) to Previous Agreement

[See attached.]

APPENDIX A: SCOPE OF WORK

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APPENDIX A

SCOPE OF WORK

1. Tow Equipment Dispatch Requirements

1.1 Hours of Service

Contractor shall respond to all Tow Requests and shall intake and release towed vehicles twenty-four (24) hours per day, 365 days per year in accordance with the standards specified in this Agreement.

1.2 Central Dispatch

Contractor shall dispatch Tow Equipment from its Central Dispatch facility. Contractor shall provide dispatch staff to receive Tow Requests twenty-four (24) hours per day, 365 days per year. During Peak Hours, a dispatch supervisor must be on duty to direct staff and address any issues or escalations raised by the City that relate to a Tow Request. At all times, Contractor must ensure that:

(1) Tow Request phone calls must be answered within six (6) rings or less with no busy signal; and

(2) Tow Requests must be assigned to a subcontractor towing firm within five (5) minutes or directly to a Tow Car operator within ten (10) minutes.

1.3 Communications Equipment

(a) Equipment Requirements

Within thirty (30) days of the Effective Date of this Agreement, Contractor shall provide a minimum of two (2) dedicated telephone lines to be used exclusively for communication between Central Dispatch and the City, and a minimum of two (2) two-way radios or equivalent equipment to be used as an alternative communications method.

(b) Audio Recordings

Contractor shall provide equipment that will create an audio recording with a time/date stamp of all Tow Requests and all subsequent communications with Tow Car operators for each Tow Request. Contractor shall maintain such audio recordings for a minimum of 120 days. Upon City's request, Contractor shall provide City access to the audio recordings within twenty-four (24) hours for the purpose of reviewing or copying the recordings. Contractor shall include in its subcontracts for Tow Car operators a requirement that all Tow Car operators sign a statement acknowledging that all communications between Central Dispatch and Tow Car operators will be recorded.

(c) Dispatch Tow Car Operators

Communication between Central Dispatch and towing subcontractors shall be by means of radios, mobile telephones, or electronic two-way data terminals. Any method of communication to be used between Central Dispatch and Tow Car operators must be approved by the City in writing.

2. Tow Request Response Time Requirements

2.1 Routine Requests

(a) Scheduled and Dispatch Tows

Upon receiving a Tow Request for a Scheduled Tow or Dispatch Tow Contractor shall be on site with the appropriate Tow Equipment for the vehicle type to be towed, or with Tow Equipment specifically requested by City in the Tow Request, within thirty-five (35) minutes of a Dispatch Tow Tow Request during Peak Hours and within twenty-five (25) minutes at all other times, or within ten (10) minutes of the time designated for initiation of a Scheduled Tow. Contractor may notify City that it is requesting an extension of time of up to fifteen (15) minutes to process a Scheduled or Dispatch Tow request for reasons beyond the Contractor's control, which are

defined as traffic congestion or travel distance, and the City shall inform Contractor if the request for extension of time shall be granted.

(b) Abandoned Vehicle Tows

Contractor must respond to each Abandoned Vehicle Tow Request within twenty-four (24) hours unless otherwise specified in the Tow Request.

2.2 Expedited Tow Response Time Requirement

City may specify that an Expedited Tow is required in the Tow Request. Contractor shall respond to a Tow Request for an Expedited Tow within thirty (30) minutes of the Tow Request. Contractor may notify City that it is requesting an extension of time of up to fifteen (15) minutes to process an Expedited Tow request for reasons beyond the Contractor's control, which are defined as traffic congestion or travel distance, and the City shall inform Contractor if the request for extension of time shall be granted.

2.3 Regional Sweeps

Contractor shall participate in Regional Sweeps requested by DPT or SFPD as a part of its regular towing services. DPT or SFPD shall notify Contractor at least forty-eight (48) hours in advance (with seventy-two (72) hours advance written notice provided when possible) of the date for a Regional Sweep, and shall inform Contractor of the number of Tow Cars required, the location, and the time that tows are to begin. City reserves the right to modify and/or expand Regional Sweep programs, and shall notify Contractor of these modifications and/or expansions no later than forty-eight (48) hours in advance of the date of a Regional Sweep. Regional Sweeps are subject to the performance standards of Scheduled Tows under this Agreement.

2.4 Courtesy Tows and Roadside Service

At the request of City, Contractor shall remove any disabled DPT or SFPD vehicle or render timely roadside assistance, including but not limited to starting vehicles, delivering gasoline and changing flat tires. These requests for towing or roadside assistance shall be provided within thirty-five (35) minutes of City's request. Contractor may notify City that it is requesting an extension of time of up to fifteen (15) minutes to process a Courtesy Tow request for reasons beyond the Contractor's control, which are defined as traffic congestion or travel distance, and the City shall inform Contractor if the request for extension of time shall be granted. The costs for these services shall not be charged to City, nor may Contractor pass the cost of these services to its subcontractors. Should Contractor fail to respond to a request in accordance with this Section, City may elect to acquire the services from another source and Contractor shall be responsible for City's direct and indirect costs in acquiring the requested services from another source.

2.5 Failure to Respond

In the event that Contractor fails to respond and/or fails to furnish necessary Tow Equipment at the designated point of tow within the time periods specified in this Agreement, the City shall have the right, by whatever means appropriate, to remove or cause the removal of the vehicle which was the subject of the Tow Request and transport it to the Contractor's storage facility, whereupon Contractor shall process and handle such vehicle in accordance with all requirements of this Agreement. In such event, Contractor shall be responsible for reimbursing City's direct and indirect costs for removing the vehicle, excluding subsequent damage caused by the alternate towing service provider.

2.6 Tow Service Plan

Contractor shall submit a Tow Service Plan to the City describing how it will deploy its subcontractors in sufficient detail to allow City to determine that Contractor will meet service requirements specified in this Agreement. This plan shall be approved and adopted as part of the Operations Plan, as provided in Section 14 of this Appendix A.

3. Vehicle Intake Requirements

3.1 Tow Data

Contractor shall ensure that a record of each tow is created in the TVMS by means of a Tow Car data terminal or by computer at Central Dispatch within fifteen (15) minutes of arrival on-site in the case of a Dispatch Tow, or within fifteen (15) minutes of initiating a Scheduled Tow. In addition, within fifteen (15) minutes of the initial arrival of a towed vehicle at a Designated Facility, Contractor shall record, at a minimum, the following data:

(1) the time the initial call for service was requested

(2) the time the Tow Car arrived on the scene of the tow

(3) the time the Tow Car arrived at the vehicle intake facility.

(4) Contractor shall meet these timing requirements in ninety percent (90%) of all tows within any reasonable audit period identified by City.

3.2 Valuation

Contractor shall have each impounded vehicle assigned a Lien Category (Lien 1, Lien 2 or Lien 3 Vehicle) by an appraiser as soon as possible during vehicle intake, but in no event later than seventy-two (72) hours after the vehicle's initial arrival at a Designated Facility. Contractor's valuation and classification of the vehicle under this Section 3.2 shall be subject to later adjustment by the City's designated Contract Monitor.

3.3 Inspection

(a) VIN

Contractor shall visually inspect any vehicle for which a lien is requested to confirm and record the VIN of each vehicle, and include the VIN in its lien request to the DMV within seven (7) days. Contractor shall notify the SFPD within twenty-four (24) hours of becoming aware of any vehicle in its possession for which the license plate and the VIN do not match. Exceptions to the deadline for collecting the VIN include:

(1) Vehicles subject to SFPD investigative holds.

(2) Vehicles identified as NO ID vehicles pursuant to Section 4.5 of this Appendix A which require SFPD inspection.

(3) Other cases of extenuating circumstances as approved by the City.

(b) Personal Property

During intake inspection, personal property in the vehicle that is visible from the exterior without opening any locked compartment shall be inventoried, and as part of the inventory Contractor shall record whether or not the vehicle has a locked storage compartment. This information shall be recorded in the TVMS system. Contractor, DPT, DPH and SFPD shall endeavor to keep the vehicle locked to the maximum extent possible during the towing and storage process. Contractor may remove and separately store personal property from the vehicle for security or other reasons as necessary.

3.4 Digital Photo Recording

Contractor shall have cameras at all vehicle intake facilities and shall take photos of all four (4) sides of the exterior of each vehicle the first time that it is brought into any Designated Facility. These images shall be stored electronically and in a manner that allows prompt retrieval within one (1) working day of any City request. City agrees that the requirements of this Section 3.4 may be satisfied by extracting still images from continuous video footage.

4. Vehicle Handling Requirements

4.1 Improper Disposal of Vehicles

If, in violation of applicable law or this Agreement, Contractor releases, sells, disposes of, or otherwise loses possession of or is unable to locate within its possession any vehicle that it has towed or impounded under this Agreement, notwithstanding any other criminal or civil penalties levied by a court of law, Contractor shall have sixty (60) days to resolve any Claim filed by the vehicle owner, and must submit any proposed Claim settlement to City for approval prior to finalizing such Claim. If Contractor fails to satisfactorily resolve such Claim within sixty (60) days, City may require Contractor to pay to the vehicle owner the blue book value of the vehicle at the time of sale, destruction or loss of the vehicle as determined by the City. If City directs Contractor to resolve a Claim after sixty (60) days by paying the blue book value of a vehicle to the owner, City may assess liquidated damages against Contractor in accordance with Section 15 of this Appendix A. This contractual remedy shall not preclude the vehicle owner from taking any other appropriate legal action against the Contractor.

4.2 Vehicle Drop

The Tow Car operator shall release a vehicle without assessing any towing charges upon request of the DPT or SFPD officer or DPH employee present at the site of the tow. The City officer or employee may require release of the vehicle pursuant to this Section 4.2 when the owner or operator of the vehicle is present to claim the car before all of the following three (3) events occur:

(1) The towing apparatus is completely attached to the vehicle in a manner consistent with the proper use of the Tow Car equipment and in accordance with industry standards, and

(2) All required data has been collected, and

(3) The Tow Car has been put in gear by the operator and has started to drive away.

The City may assess liquidated damages against Contractor pursuant to Section 15 of this Appendix A for failure to release a vehicle as required by this Section 4.2. In addition, the Contractor shall reimburse the owner or operator of the vehicle towed in violation of this Section all expenses incurred by the owner or operator to recover the vehicle plus $100 per occurrence.

4.3 Personal Property Releases

(a) Standard for Release

Contractor shall only release personal property found within any vehicle in its custody when it is satisfied that the claimant is entitled to access the vehicle and its contents and the vehicle is not subject to a Police or Administrative Hold.

(b) Vehicles Subject to Hold

No person shall be allowed to retrieve personal property from a vehicle subject to an Administrative or Police Hold without the prior written authorization of the agency which impounded the vehicle.

(c) Personal Property Release

A personal property release allows the claimant to enter the vehicle, with the supervision of Contractor, to obtain property from the towed vehicle. Contractor's supervision shall include preparing a written inventory of the items removed by the claimant, but Contractor shall have no responsibility for assisting the claimant to remove personal property from the vehicle. Contractor shall require the claimant 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.

4.4 Retrieval Requirements from Secondary to Primary Storage Facility

If the Customer's vehicle is stored at the Secondary Storage Facility, Contractor shall provide either a free shuttle service enabling a Customer who appears at the Primary Storage Facility to retrieve a vehicle directly

from the Secondary Storage Facility, one-way taxi fare for the Customer between the Primary Storage Facility and the Secondary Storage Facility, or free Tow Car service to tow the vehicle back to the Primary Storage Facility. In all cases, the vehicle must be released to the Customer within one (1) hour of the Customer's payment of fees at the Customer Service Center.

4.5 No ID Vehicles

(a) NO ID Designation

All vehicles with no visible VIN shall be impounded under a "NO ID" number and shall be designated as a vehicle subject to Investigative Police Hold and held for inspection by the SFPD Auto Detail regardless of which City agency initiated the Tow Request. NO ID vehicles shall be included in regular reports to the SFPD of Police Hold vehicles as specified in Sections 4.6(d) and 13 of this Appendix A. 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.

(b) NO ID Procedure

If a VIN is found following inspection by the SFPD, 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.

(c) SFPD Access to NO ID Vehicles

Contractor shall allow SFPD personnel with written authorization from the Chief of Police or an officer designated by the Chief of Police to remove parts from any NO ID vehicle, except as prohibited by Appendices B, C and D.

4.6 Procedures for Vehicles Impounded by the SFPD

(a) Investigative Police Hold Vehicles

The SFPD may designate any vehicle for which it has made a Tow Request as an Investigative Police Hold vehicle. . Investigative Police Hold vehicles shall be stored in a segregated, secure area, which may be located in a Designated Facility. Within ninety (90) days of the Effective Date of this Agreement, Contractor shall provide secured and fenced Investigative Police Hold storage locations at the Designated Facilities which shall include the following features:

(1) A vehicle inspection area with six (6) indoor bays that contain car lifts, air compressors, and access to 220V electricity at the Primary Storage Facility.

(2) An office area with two (2) phone lines dedicated for use by SFPD personnel at the Primary Storage Facility.

(3) Indoor space for at least twenty-five (25) NO ID vehicles; and

(4) Secured indoor space for at least 100 Police Hold vehicles; and

(5) Secured outdoor space for at least 175 Police Hold vehicles; and

(6) Within 180 days of the Effective Date of this Agreement Contractor shall provide a covered storage space that holds at least fifty (50) vehicles secured for SFPD investigations at the Primary Storage Facility.

No person shall be allowed access to a Police Hold vehicle or retrieve personal property therefrom without written authorization from the SFPD. If the SFPD designates a Police Hold vehicle as an evidentiary vehicle at the time of the Tow Request, 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. Contractor shall maintain the Police Hold areas in a manner which ensures its ability to locate vehicles requested by SFPD within one (1) hour of SFPD's request. Contractor may, from time to time, request training

for Tow Car operators and Employees for the handling of evidentiary vehicles from the SFPD. Contractor shall submit Police Department Procedures to the City describing in detail how it will process Police Hold vehicles to meet service requirements specified in this Agreement. These procedures shall be approved and adopted as part of the Operations Plan, as provided in Section 14 of this Appendix A.

(b) Release

Contractor shall not release or allow parts to be removed from any vehicle towed by the SFPD without a written release authorization from the SFPD. The SFPD will provide to Contractor a standard form to be used for all written release authorizations and a list of individuals authorized to sign vehicle and personal property releases, including exemplars of those individuals' signatures. Contractor may not release a Police Hold vehicle without a release form signed by an authorized individual as designated by the SFPD. Contractor shall inform the Customer that release of a vehicle subject to Police Hold may only be obtained by going to a SFPD station to request that the vehicle be released.

(c) Recovery of Stolen Vehicles

Recovered stolen vehicles may only be released upon presentation of SFPD Form 425 or as otherwise specified by SFPD in writing. 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. Procedures for waiver and reimbursement of towing and storage charges for stolen vehicles are described in Section 12.2(a) of this Appendix A.

(d) Reporting

(i) Reports Required

Contractor shall submit to the SFPD a weekly report listing all Investigative Police Hold vehicles that are currently being stored by Contractor in accordance with the requirements of Section 13 of this Appendix A, delivered to the person designated by the SFPD as the inspector in charge of auto investigative holds. Contractor shall issue reports to SFPD personnel designated by the Chief of Police in writing, the Director of DPT or her or his designee, and the DPT Contract Administrator upon occurrence of the following events:

(1) A "300 vehicle warning" notice on each day that the number of Investigative Police Hold vehicles stored by Contractor exceeds 300 vehicles; and

(2) An inventory report of Investigative Police Hold vehicles on each day that the number of Investigative Police Hold vehicles stored by Contractor exceeds 325 vehicles.

(ii) Police Hold Storage Charges

On each day or portion of a day that the Contractor has more than 350 Investigative Police Hold vehicles in storage, Contractor may charge the SFPD a daily Investigative Police Hold storage fee per vehicle, as further described in Section 12.2(b) of this Appendix A.

4.7 Administrative Hold Procedures

(a) Administrative Hold

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

(b) Release Restrictions

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, shall not be released until Contractor receives written authorization for the release by the SFPD. 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 thirty (30) days prior to lien sale.

(c) Administrative Hold Reports

Within twenty-four (24) hours of a request from DPT or SFPD, Contractor shall produce a report of DPT and SFPD Administrative Holds that lists the City employee and department requesting the hold for each vehicle subject to Administrative Hold.

5. Customer Service

Contractor shall interact with Customers who contact Contractor for the purpose of retrieving towed vehicles in person, by phone using an interactive telephone answering system ("IVR") and live operators, and by internet. When a Customer makes an inquiry of Contractor by any means of communication, Contractor shall provide the Customer 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. Contractor shall at a minimum implement the Customer service activities described in this Agreement. All materials created by Contractor which are intended for use by Customers, whether in written, electronic or audio format, shall be made available in Spanish, spoken Cantonese and written Chinese. Contractor shall also make best efforts to provide bilingual staff to assist Customers in the Mandarin, Russian and Vietnamese languages.

5.1 Customer Intake and Processing

(a) Telephone System

Contractor shall establish and maintain one (1) phone line that the City or the public may call for information regarding towed vehicles. This phone line shall be independent of the phone line used for dispatching Tow Requests. Contractor shall make information available to City and Customers through both an automated IVR, as further described in Section 6.3 of this Appendix A, and through live operators as described in Section 5.1(b) below. The automated 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.

(b) Live Operators

Contractor's telephone operators must be available to respond to calls from the public twenty-four (24) hours per day, 365 days per year. During each monthly reporting period, ninety-five percent (95%) of all phone calls received during Peak Hours must reach a live operator within three (3) minutes of request; the remaining five percent (5%) of Peak Hour phone calls must reach a live operator within ten (10) minutes of request. At all other times, ninety-five percent (95%) of all phone calls must reach a live operator within one (1) minute of request; the remaining five percent (5%) of phone calls must reach a live operator within five (5) minutes of request during the monthly reporting period. No more than two percent (2%) of all callers during a monthly reporting period shall be put on hold during a telephone transaction for more than two (2) minutes.

(c) In-Person Customer Service

(i) Facility

Contractor shall operate a Customer Service Center that is open to the public twenty-four (24) hours a day, 365 day per year. The Customer Service Center shall have equipment that records the time that each Customer enters the waiting area and how long they wait for service at the service window. Contractor shall store this data and summarize it in the Customer Service reports required by subsection 5.1(c)(v). In all cases, a vehicle must be released to a Customer within one (1) hour of the Customer's completion of all payment and documentation requirements for vehicle release.

(ii) Staffing

During Peak Hours, Contractor shall maintain adequate and sufficiently trained staff to simultaneously serve six (6) Customers, including "quick service" window(s), in accordance with the standards set forth in this Agreement. At all times, Contractor shall open an additional service window whenever more than three (3) people are in line or any person has been waiting in line for more than ten (10) minutes. Wait time for Customers shall be no longer than ten (10) minutes unless all six (6) service windows are already open. When more than eight (8) people are waiting in line, Contractor must implement immediate measures to direct and

assist Customers in the lobby area until the line is reduced to six (6) people waiting for service. Contractor shall cross-train all personnel so that window staff are trained to answer telephone calls if they are not assisting a Customer in person and call volumes require additional telephone operators. Telephone operators shall be trained to assist window staff when walk-in wait times exceed ten (10) minutes and windows are available. All Employees of Contractor who have regular, continuous contact with members of the public shall be neat in appearance and courteous to the public.

(iii) Customer Service Representative

Contractor shall provide a Customer Service Representative in addition to the regularly scheduled service window staff and telephone operators. An appropriately trained Customer Service Representative shall be on duty during the hours of 7:00 a.m. through 7:00 p.m., Monday through Friday, excluding City holidays, to assist Customers apart from normal window service, including but not limited to escalated service inquiries, suggestions, Complaints, assistance to disabled Customers and other out-of-the-ordinary Customer needs. The designated Customer Service Representative may assist Customers at a window or assist telephone callers while not occupied with escalated service inquiries, so long as service level requirements for phone and walk-in service as defined in this Section 5 are met.

(iv) Self-Service

Contractor shall provide Customers who use the self-service phone system and the self-service web site access to a special "quick service" window(s) or self-service kiosk(s) for expedited service.

(v) Reports

Contractor shall submit a monthly Customer Service Report that shows window staffing patterns, average wait times for Customers, and number of Customers served by hour.

(d) Customer Service via Internet

Contractor shall create and maintain an internet site that provides general information to the Customer, including the ability to ascertain the status of a specific towed vehicle and to make payments of Mandatory Fees with a credit card. Contractor's internet site shall generally be available twenty-four (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. City may assess liquidated damages pursuant to Section 15 of this Appendix A for failure to meet these standards; however Contractor may request a waiver of liquidated damages in advance of maintenance that must be performed outside the hours of 12:00 a.m. to 6:00 a.m.. Detailed specifications and requirements for the internet site are set forth in Section 6.4 of this Appendix A.

(e) Customer Service Manual

Within forty-five (45) days of the Effective Date of the Agreement, Contractor shall create a Customer Service Manual for Employees describing the policies and procedures for assisting Customers with vehicles towed under this Agreement. This manual shall be a reference for Contractor staff and subcontractors. The Customer Service Manual shall include, but is not limited to Employee training, guidelines for dissemination of information to the public, specifications for the Customer Service Center, cleanliness and safety standards for all facilities, and procedures for solicitation of feedback from Customers served. The Customer Service Manual shall be approved and adopted as part of the Operations Plan as provided in Section 14 of this Appendix A.

5.2 Complaints and Claims

(a) Claims Procedure

Contractor shall establish a procedure by which persons whose vehicles have been towed and/or stored ("Claimants") may file a Claim against Contractor. Contractor shall respond to all Claims within fourteen (14) days of receipt of Claim, either to accept, deny or request further information for investigation. Contractor shall endeavor to resolve each Claim within ninety (90) days of receipt from Claimant, and shall resolve all Claims within six (6) months unless (i) such Claim is abandoned by the Claimant's failure to respond to Contractor's communication for a period of thirty (30) days, or (ii) the Claim is filed in court. Contractor shall in all cases endeavor to resolve Claims fairly and expeditiously. Contractor shall designate a Claims Manager who shall supervise Contractor's Claims procedures and shall be available during regular business hours to discuss Claims

with Claimants in person or by telephone. Contractor shall maintain records of all Claims filed and of all correspondence with Claimants, denials of Claims, settlement offers and amounts paid on Claims.

(b) Complaint Procedures

Contractor shall establish a procedure by which Customers ("Complainants") may submit Complaints about Contractor's performance of the services under this Agreement. Contractor make available to Customers a Complaint Form, which shall include a self-addressed pre-paid postage envelope. Contractor's Complaint procedure shall allow Complaints to be submitted by mail, fax or internet. Customers shall be able to request a Complaint Form by telephone, fax, in person or by email. Contractor shall record the name, telephone number, and address of each Complainant and the details of each Complaint. Contractor shall respond to all Complaints, regardless of origin of request for service (by mail, phone, in person or by internet) within seven (7) days of receipt of Complaint.

(c) Claims/Complaint Status Reports

Contractor shall submit a monthly Claims/Complaint Status Report that contains the following information:

(1) Claim/Complaint tracking number

(2) Name of Claimant/Complainant

(3) Date Claim/Complaint received

(4) Name of Employee who processed Claim/Complaint

(5) Brief description of Claim/Complaint

(6) Estimated value of Claim, when available

(7) Verified amount of Claim

(8) Status of Claim/Complaint

(9) Average Claim/Complaint resolution time

(10) Brief description of Claim/Complaint resolution

(11) Date of resolution of Claim/Complaint

Contractor shall deliver reports regarding Claims and Complaints to the City in accordance with the reporting requirements of Section 13 of this Appendix A. Contractor also shall retain any supporting documents submitted with a Claim or Complaint in accordance with Record retention requirements of this Agreement. Contractor shall respond to City requests to review Records related to Claims and Complaints within seven (7) days. Contractor shall track Complaints and Claims using both paper forms and electronic records. Using electronic records, Contractor shall provide the City with supplemental, specialized reports regarding any Complaint or Claim upon request within seven (7) days.

(d) Claims/Complaint Processing Plan

Contractor shall provide the City with its Claims/Complaint Processing Plan, along with the form of Complaint and Claim forms to be used under this Agreement, within forty-five (45) days of the Effective Date of this Agreement. This plan shall be approved and adopted as part of the Operations Plan as provided in Section 14 of this Appendix A.

5.3 Dissemination of Information to the Public

(a) Posted Information

The Contractor shall distribute the following information to its towing subcontractors and make available on its internet site and in the Customer Service Center, or in a different location as specified below, that are accessible to the public in a conspicuous location:

(1) Statement that a complete copy of this "Tow Agreement with the City and County of San Francisco" is available for review on the internet (including the URL for the internet site) or may be obtained at the same maximum per-page costs for copies which the City makes available to the public under the Sunshine Ordinance, San Francisco Administrative Code Chapter 67.

(2) A statement of the Customer's rights and obligations pursuant to Vehicle Code § 22852.

(3) Schedules of all current towing, storage and additional charges as established pursuant to this Agreement.

(4) Notice required by Vehicle Code § 22850.3 that any vehicle impounded pursuant to Vehicle Code § 22850 may only be released upon proof of current registration or upon issuance of a notice to appear with proof of correction of the registration violation, at the discretion of the impounding agency.

(5) Notice explaining the right to a post-storage hearing and the procedure by which a post-storage hearing may be requested from DPT, DPH or the SFPD.

(6) Procedures for filing a Claim for damages incurred to the vehicle or contents thereof as a result of the tow or while in storage, and associated Claim forms.

(7) Procedure by which all unclaimed vehicles are sold at public auction, including the location of such auctions, and a statement indicating that all in attendance at such auction shall have an equal opportunity to bid.

(8) List of publications in which such auctions are advertised.

(9) Instructions for bidders interested in attending the public vehicle auctions.

(10) At the Secondary Storage Facility, a preliminary list of all vehicles to be auctioned seven (7) days in advanced of the auction date.

(11) At the Secondary Storage Facility, results of the previous vehicle auction, which must include the list of vehicles by make, model and year and the final sale price.

(12) A list of Tow Car firms that Contractor has evaluated for compliance with industry standards based on maintenance of insurance and permits which are not affiliated with Contractor, along with their contact information, that Customers may contact for towing services.

(b) Translation of Posted Information

Except for items 5.3(a)(10) and 5.3(a)(11) above, information provided at the Customer Service Center shall be available to the public in English, Spanish, and Chinese and up to three other languages that may be designated by the City. For items 5.3(a)(10) and 5.3(a)(11) above, Contractor shall provide a summary sheet in Spanish and Chinese explaining how to read the lists of auctioned vehicles. Specifications for signage or documentation produced, including but not limited to multiple languages required, wording, size of letters, font used and methods of display shall be approved by the City in advance of posting or publication. Contractor shall publish all information listed above on its internet site and distribute it to all of its towing subcontractors.

6. Procedures for Vehicle Recovery

6.1 Form of Payment

(a) In-Person Payments

At the time that a Customer contacts Contractor by telephone, internet or in person, Contractor shall communicate the amount of all Mandatory Fees and any other fees owing as of the date of the contact, and shall collect all Mandatory Fees owing prior to releasing the vehicle to the Customer. Customer Service Center staff

shall be trained in procedures to accept payments when electronic cash registers or Contractor's computer systems are not operational. The following forms of payment shall be valid for Customers making payment in person at the Customer Service Center:

(1) Cash;

(2) Personal checks with valid ID card as proof of identity if verified through check verification service provided by Contractor; and

(3) Credit card (MasterCard, VISA, American Express, and Novus/Discover Card) with a valid ID card as proof of identity; and

(4) Debit/ATM card with a valid ID card as proof of identity.

(b) Phone and Internet Payments

For payment over the phone or the internet, Contractor shall accept at a minimum:

(1) Credit cards (Visa, Mastercard); and

(2) Debit/ATM cards with credit card company affiliations suitable for internet payments.

6.2 Collection of Parking Citation Payments and Related Fees; Deposit

(a) Citation Payments

Contractor shall accept payment of Citations from all Customers at its Customer Service Center, regardless of whether or not the Customer has had a vehicle towed. In order to allow Contractor to accept Citation payments, City shall give Contractor access to its CTMS through the City's WAN. If a Customer wishes to dispute any Citation, Contractor shall refer the Customer to the DPT Citation Division.

(b) Outstanding Fees

At the time that a Customer contacts Contractor regarding payment of fees Contractor shall determine Customer's outstanding Citations and the amount due on each, using DPT's CTMS. If Customer has five (5) or more Delinquent Citations, Customer must pay all Delinquent Citations before Contractor may release the vehicle. If Customer has fewer than five (5) Delinquent Citations, Contractor must inform Customer of the amount of fees due for outstanding Citations and the option to pay outstanding Citation fees through Contractor. If any person wishes to pay outstanding Citation fees that are not yet Delinquent, the Contractor shall accept payment at its Customer Service Center, or by internet or telephone credit card payment. At the time of payment, Contractor shall record Citation payments online in real-time to the CTMS twenty-four (24) hours per day, 365 days per year. Notwithstanding the requirements of this Section 6, Contractor shall not be required to provide information over the internet on outstanding Citation fees, nor shall Contractor be required to accept credit card payments over the internet until such time as Phase 3 of Contractor's internet site is implemented, as described in Section 6.4 herein. Contractor shall not accept payments for Citations that are marked in the CTMS as being under Administrative Review, Hearing, or Project 20. Contractor shall also require payments for boot fees that may have been charged prior to the vehicle being towed and any insufficient funds fees that may have been assessed for prior Citation payments.

(c) Collection Fees for Non-Towed Vehicle Citations

The threshold amount of funds collected daily for Citations associated with vehicles that have not been towed, under which amount Contractor is required to collect Citation fees for non-towed vehicles without any reimbursement credit from City (the "Daily Collection Limit"), is currently set at $5,952 per day, based on the current average parking fine payment of $48.29 per Citation (the "Average Citation Amount"). Should the amount collected by Contractor exceed the Daily Collection Limit amount more than twice within a given calendar month, Contractor shall be entitled to a processing fee in the form of a credit in an amount equivalent to seven and a half percent (7.5%) of the amount received above the Daily Collection Limit, beginning on the

third (3rd) day and continuing on each day within the calendar month that Citation fee collections exceed the Daily Collection Limit. Should the Average Citation Amount increase or decrease by more than one percent (1%), the Daily Collection Limit shall increase or decrease by the same percentage. The Average Citation Amount and the Daily Collection Limit amount shall be reviewed by City and recalculated as necessary at the beginning of each calendar month.

6.3 Interactive Voice Response System

Within sixty (60) days of the Effective Date of the Agreement, Contractor shall provide an interactive voice response system ("IVR") that will answer incoming calls and offer callers a choice of menus with information on towing services. Contractor's proposed telephone answering system, its equipment, functionality and its message content shall be subject to review and approval by the City. At a minimum, the IVR must contain the following features:

(1) Capability for users to obtain general information about the status and location of a vehicle, including Investigative and Administrative Police Hold information

(2) Ability to hear a detailed listing and summarized total of all Mandatory Fees and other fees that have been applied to the vehicle (excluding Delinquent Citations)

(3) Option to pay Mandatory Fees and other fees by credit card and receive instructions for the expedited release of the vehicle from a live operator (excluding Delinquent Citations)

(4) Options for information on Contractor's locations and operating hours

(5) Ability to listen to general information regarding Contractor and City policies and procedures

(6) Information on the weekly lien sale auctions

(7) Option to transfer to a live operator

(8) The IVR must be functional ninety-seven percent (97%) of the time during the hours of 6:00 a.m. to 12:00 a.m. during a monthly reporting period.

Within 180 days of the date that the City provides an Application Programming Interface ("API") that Contractor can use to integrate its TVMS with the City's CTMS, the Contractor's IVR shall provide the following additional capabilities: Contractor's IVR shall communicate in real-time with the TVMS to accept payments for any outstanding fees and optional services available to the public and with the City's Citation processing system to pay any outstanding Citations. The IVR shall advise the Customer of the date range for which the stated fees are applicable, as well as a time limit within which the vehicle must be retrieved without incurring additional storage charges once the fees have been paid. The IVR shall ensure that all fees for five (5) or more Delinquent Citations, boot fees and insufficient funds fees shall be included in the Mandatory Fees required for release of the vehicle presented to the Customer for payment on the IVR. In addition, Contractor must advise the Customer of any other outstanding amount listed in the Citation processing system. Contractor's IVR shall inform Customers of the payment of Mandatory Fees required for release of the vehicle, and shall separately advise of the amounts of any other outstanding fees that may be paid simultaneously through the IVR system. Following integration of the TVMS and CTMS, Contractor shall provide Customers with the ability to make credit card payments for Mandatory Fees through its IVR system.

6.4 Internet Services

Within ninety (90) days of the Effective Date of this Agreement, Contractor shall design and implement an internet site that allows the Customer to access information on towed vehicles, not including outstanding Citation fees or the ability to make credit card payments over the internet ("Phase 2"). In Phase 2, a Customer shall be able to look up vehicle data on the internet site using a minimum of two (2) of the following data look-up fields:

(1) License number

(2) Make

(3) Towed from location (by street name)

(4) Tow date

Within 180 days of the date that the City provides an Application Programming Interface ("API") that Contractor can use to integrate its TVMS with the CTMS, Contractor shall provide the ability for the public to access all information regarding a towed vehicle and all related outstanding fees and charges ("Phase 3"). In Phase 3, Contractor shall provide the capacity on its internet site to make on-line, real-time payments of Mandatory Fees and any other fees for Citations, using a credit card with appropriate security restrictions for payment types accepted. The internet site shall advise the Customer of the date and time range for which the stated fees are applicable, as well as a time limit within which the vehicle must be retrieved once the fees have been paid without incurring additional storage charges. The internet site shall ensure that all fees for five (5) or more Delinquent Citations, boot fees, and insufficient funds fees shall be included in the Mandatory Fees required for release of the vehicle that are presented to the Customer for payment on the internet site. Contractor's internet site shall inform Customers of the payment amount of Mandatory Fees required, and shall separately advise of the amounts of any other outstanding fees that may be voluntarily paid through the internet site. The internet site created to satisfy the requirements of this Section shall meet Department of Telecommunications and Information Services standards for accessibility.

6.5 Vehicle Recovery

(a) Vehicle Location

Contractor's staff in the Customer Service Center and vehicle storage facilities shall be able to identify and locate a towed vehicle in Contractor's possession by using the license number, the VIN, or three (3) or more of the following identifiers: vehicle make and model, vehicle color, date of tow, and location of tow. Contractor's Customer Service Center and vehicle storage facility staff shall use the TVMS to provide information regarding the tow, and shall also be trained in procedures for manual processing of vehicle pick-up requests during times that the TVMS is not operational.

(b) Vehicle Release Procedure

When appearing to recover a towed vehicle, the Customer shall be required to provide evidence that she/he is a person entitled to possession of the vehicle. This shall include, but is not limited to, a key to the vehicle, a letter authorizing the person to pick up the vehicle signed by the registered owner, or a valid photo identification establishing a person's right to claim the vehicle. When Contractor is satisfied that the Customer is entitled to possession of the vehicle, Contractor shall record the identity of the Customer and the number of the photo identification provided by the Customer into the TVMS. After obtaining payment of all fees owing, the Customer shall be issued a tow receipt, with a copy to be signed by the Customer and retained by Contractor, and shall be directed to the Designated Facility where the vehicle is located to meet a Customer service agent. This Customer service agent shall either assist the Customer with the physical retrieval of their vehicle, direct them to the Contractor-provided shuttle, or arrange a pre-paid, one-way taxi ride to the Secondary Storage Facility in order to retrieve their vehicle. Contractor shall require any person who claims the right to possession of a vehicle to show a valid driver's license or to identify a licensed driver before allowing the vehicle to be driven off of the Contractor's facilities and onto the public streets.

(c) Vehicles Not Subject to Release

Contractor shall not release a vehicle that is subject to Police or Administrative Hold without a written authorization for release from the agency that impounded the vehicle. Contractor shall not release a vehicle unless Mandatory Fees have been paid or have been waived as provided in this Agreement. Contractor may not release any vehicle without proof of compliance with vehicle registration laws, which at the time of vehicle intake may be ascertained by visual inspection of registration tags on license plates. Contractor shall be liable

for and hold City harmless from all claims arising out of the improper release of a vehicle, unless such release is caused solely by the negligence of DPT, SFPD, DPH or the DMV.

6.6 Form of Receipt

Contractor shall provide all Customers with a receipt for services rendered. The form of the receipt shall be subject to approval by City. All receipts shall include the following information:

A clear and succinct statement, in a legible text of at least 10-point type, informing the Customer that by law they may protest a vehicle tow, that a hearing to protest any tow must be requested within thirty (30) days from the date of tow, and setting forth current telephone numbers for DPT, DPH and the SFPD for the purpose of requesting a hearing. DPT may require changes to the language or form of such statement printed on Contractor's receipt. In addition, each Customer's receipt shall include the following information:

(1) A complete, itemized schedule of fees and charges, and

(2) Each individual Citation paid, listed by Citation number, the amount paid on that Citation, and the remaining balance due for any outstanding Citation.

6.7 Disclosure of Deficiency Claim at time of Vehicle Title Assignment

Contractor shall provide written notice to Customers who decide to assign the title of their vehicles to Contractor or who abandon their vehicles at Contractor's facilities, informing the Customer that abandoning or signing over title to a vehicle is not sufficient to avoid towing and storage costs in excess of the vehicle's sale price, and that such towing and storage charges in excess of the vehicle's sale price may be subject to collection. Such notice shall include (1) the charges to date, and (2) the Lien Category expressed as the range of potential value of the vehicle. The form of such notice shall be subject to prior approval of the City. Charges may only accrue on a vehicle through the day that title of that vehicle is signed over to the Contractor.

6.8 Invalid Payments

Any costs incurred by or loss to Contractor resulting from the use of checks, counterfeit cash, credit cards, debit cards, or ATM cards, whether received in person, through the IVR or internet, shall be considered a business expense of Contractor and is not billable to the City under any circumstances.

7. Procedures for Lien Sales

7.1 Notification to Registered Owner

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. Contractor shall request vehicle ownership information from the DMV for all vehicles stored at least seventy-two (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 (3) and seven (7) days from the date that the vehicle was towed. If Contractor is able to ascertain the identity of the owner of the vehicle and fails to send notice under this section within seven (7) days of the date that the vehicle was towed, Contractor shall waive storage fees for the vehicle for the eighth (8^{th}) day of storage through the lien start date. 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 7.1 include:

(1) Vehicles subject to Investigative Police Holds. Ownership information for these vehicles should be requested and notices sent within seven (7) days 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.

(2) Vehicles identified as NO ID vehicles pursuant to Section 4.5 of this Appendix A which require SFPD inspection. Ownership information for these vehicles should be requested and notices sent within seven (7) days after vehicle identification has been provided by SFPD.

(3) 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.

(4) Other cases of extenuating circumstances as approved by the City.

The form of notice sent to registered owners and lien holders shall be subject to Vehicle 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 such towing and storage charges in excess of the vehicle's sale price may be subject to collection.

7.2 Lien Sales

(a) Lien Sale Procedures

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. Contractor shall track lien-related dates, and process the official lien notification paperwork as required for lien sales in the state of California.

Unless City has given prior written approval to suspend a scheduled lien sale ("auction"), Contractor shall conduct lien sales at least weekly for vehicles that have been cleared for sale after the lien process is complete. The day of the week for these auctions is subject to approval by City. City hereby approves Wednesday as a regularly scheduled auction day. Contractor shall submit a Public Auction Plan for the City's review and approval upon the Effective Date of the Agreement. The Public Auction Plan shall be approved and adopted as part of the Operations Plan as provided in Section 14 of this Appendix A.

(b) Pre-Registration

Contractor shall require all persons who desire to purchase vehicles at auction to pre-register. Contractor shall require all registrants to provide photo identification with current address. Contractor shall maintain records of each purchaser's name and address. Contractor may develop lists of auction participants who demonstrate a tendency to purchase and subsequently abandon vehicles purchased at auction, 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.

7.3 Post-Lien Sale Procedures

(a) Driver's License and Vehicle Registration

Contractor shall require the purchaser of a vehicle or the purchaser's agent to show a valid driver's license before driving the vehicle off of any Designated Facility and onto the public streets. Contractor shall comply with applicable Vehicle Code requirements for the transfer of title, including but not limited to the requirement of filing a notice of transfer of title pursuant to Vehicle Code § 5900. Contractor shall cooperate with City in implementing any program to provide on-site vehicle registration during vehicle auctions.

(b) Deficiency Claims

Following sale of any vehicle for which Contractor wishes to maintain a Deficiency Claim under California Civil Code § 3068.1, after the sale and before attempting collection of the Deficiency Claim 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 Contractor for the sale or salvage of the vehicle shall be included with such notice. In the event that Contractor utilizes a third-party vendor to

provide collection services for these Deficiency Claims, Contractor shall contractually require the third-party vendor to meet the notice requirements of this Section 7.3(b). The form of such notice, whether sent by Contractor or by a third-party vendor, shall be subject to prior approval by City. Contractor waives the right to collect any Deficiency Claim for which it has not complied with the notice requirement of this Section; however Contractor may pursue a Deficiency Claim in spite of a failure to provide adequate notice as required herein if it cures such failure by sending a notice that meets the requirements of this Section within ten (10) days of receiving a written request for documentation of the debt from the vehicle's legal owner, registered owner or the City.

7.4 Disposal of Unsold Vehicles

Contractor shall ensure that Lien 1 and other vehicles not sold at auction are removed from the Secondary Storage Facility at least once per week.

8. Staffing Requirements

8.1 Adequate Staffing

Contractor shall employ adequate numbers of qualified personnel to perform the required services in accordance with the standards specified in this Agreement. The City may require Contractor to hire additional Employees if it reasonably determines that additional Employees are necessary to perform the services required under this Agreement to the specified standards. Criteria to be used in making this determination include but are not limited to any combination of the following:

(1) Tow response times, or

(2) Wait times for walk-in Customers at Customer Service Center, or

(3) Vehicle delivery times to Customers, or

(4) Live operator wait-times for phone Customers, or

(5) Ten percent (10%) change in the number of Complaints, based on monthly Complaint report data, and at least ten (10) more Complaints than the prior month.

8.2 Subcontractors

(a) Subcontractor Designation

Contractor may subcontract with one or more towing service companies for the provision of towing services to Contractor in accordance with the standards of this Agreement. A list of the Contractor's pre-selected and pre-qualified subcontractors shall be submitted upon the Effective Date of this Agreement for City's approval. Consistent with the provisions of Sections 27 and 31 of the Agreement, Contractor shall notify the City in writing prior to deleting or adding any towing subcontractors. Contractor shall provide the City with copies of all subcontractor agreements within five (5) days of the Effective Date of this Agreement and required insurance certificates that identify the Contractor and City as co-insured parties for those subcontractors (not including Worker's Compensation Insurance). Contractor shall also provide copies of subsequent subcontract amendments within five (5) days of any such amendments to its subcontractor agreements.

(b) Subcontractor Compensation

Contractor shall not pay compensation to towing subcontractors based solely on a flat fee per tow. City may require Contractor to change any element of its compensation structure if it results in an undue number of subcontractor complaints or Customer service problems. Upon the Effective Date of this Agreement, Contractor shall submit a Subcontractor Compensation Plan to City for approval as part of the Operations Plan in accordance with the procedures set forth in Appendix A, Section 14.

(c) Subcontractor Performance Standards

Contractor shall define Subcontractor Performance Standards for all Tow Car operators. At a minimum, Performance Standards shall require compliance with all applicable Vehicle Code and San Francisco Police

Code requirements for Tow Car operators and Tow Car firms. Subcontractor Performance Standards shall be provided to the City upon the Effective Date of this Agreement. The Subcontractor Performance Standards shall be approved and adopted as part of the Operations Plan as provided in Appendix A, Section 14. Contractor shall audit compliance with these standards quarterly, beginning on a date no later than one hundred and eighty (180) days from the Effective Date of this Agreement, and shall provide written audit results to the City. Contractor's quarterly audit shall, at a minimum, audit subcontractors for compliance with the requirement to maintain valid licenses and permits. The City reserves the right to require the Contractor to perform more frequent audits. Contractor is responsible for any and all claims arising out of the Contractor's failure to maintain current permits and licenses.

(d) Subcontractor Compliance with Licenses and Permits

Contractor shall maintain current and valid City licenses, permits and proof of insurance necessary to perform the services required for this Agreement. Contractor shall require in its subcontracting agreements that all subcontractors maintain current and valid City licenses, permits, and proof of insurance, including but not limited to Articles 30 (Permits for Tow Car Drivers) and 30.1 (Permits for Tow Car Firms) of the San Francisco Police Code or successor Tow Car or Tow Car firm permitting ordinances, and shall require all subcontractors to demonstrate evidence of such licenses, permits and insurance at the time of executing the subcontracts.

(e) Subcontractor Identifying Equipment and Uniforms

All subcontractor personnel who have regular, continuous contact with members of the public shall be neat in appearance and courteous to the public. Contractor shall ensure that all Tow Cars used by its subcontractors for the provision of towing services shall bear a permanently attached sign stating Contractor's and subcontractor's trade name and telephone number in characters at least two inches high and an identifying number in characters at least three inches high on both sides of the vehicle. Detachable magnetic signs may not be used. Contractor shall include in subcontracts the following uniform requirements for subcontractors:

(1) All Tow Car 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.

(2) All Tow Car 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.

8.3 Training

Contractor shall be responsible for all training costs for its Employees. City shall approve all training programs proposed by Contractor in advance of implementation. Contractor shall review the Employee Training Plan with the City annually. Contractor shall submit within ninety (90) days of the Effective Date of the Agreement an Employee Training Plan to the City for review and approval. The Employee Training Plan shall be approved and adopted as part of the Operations Plan as provided in Section 14 of this Appendix A. In approving the Employee Training Plan, City shall give Contractor credit for training provided to Employees during the term of the Emergency Interim Agreement to the extent that it meets the requirements of this Section.

Within thirty (30) days after the Effective Date of the Agreement, Contractor shall have every Employee attend twenty-four (24) hours of professional job training, including customer service training. In addition, Contractor shall conduct a minimum of eight (8) hours of professional customer service training annually for all Employees who perform duties involving significant Customer contact. Contractor shall require certificates of completion for each Employee and shall file these in Employee personnel files with copies sent to the City within five (5) days of completion of training. Contractor shall require in its subcontractor agreements with Tow Car Operators that all Tow Car Operators performing services for Contractor shall participate in one four (4) hour customer service training session annually. Contractor must provide one such four (4) hour training session annually for towing subcontractors at its own expense; however, when additional training sessions for new subcontractor employees are required Contractor may pass the cost of such trainings on to the subcontractors.

8.4 Policy and Procedure Manual

Contractor shall submit within ninety (90) days of the Effective Date of the Agreement a Policy and Procedure Manual to the City for review and approval. The Policy and Procedures Manual shall be approved and adopted as part of the Operations Plan as provided in Section 14 of this Appendix A. Contractor shall require in its subcontracting agreements that all subcontractors shall adhere to Contractor's Policy and Procedures Manual. The Policy and Procedures Manual shall differentiate between the responsibilities of each subcontractor where necessary.

8.5 Staffing Plan

Within forty-five (45) days of the Effective Date of the Agreement, Contractor shall provide a Staffing Plan to meet all service and performance requirements of the Agreement. Contractor's Staffing Plan shall indicate the number of people and positions it will provide to perform the services required in this Agreement. The Plan shall provide the name; title and time allocation (percentage of dedication to the proposed Agreement) for each staff person. The Staffing Plan shall be approved and adopted as part of the Operations Plan as provided in Section 14 of this Appendix A.

8.6 Management Changes

Contractor shall provide written notice for City approval prior to any permanent changes or substitutions of executive or management Employees, for any substitutions longer than six (6) weeks. DPT may request a change in contract personnel or reject any substitution. The Contractor shall notify the City within five (5) days of occurrence any terminations or resignations of Contractor's executive or management Employees.

8.7 On-Call Manager

Contractor shall have a manager with the authority to make decisions regarding Agreement-related issues who shall be available or on-call at all times through the use of mobile phones, pagers, or two-way radios for all operational functions. Contractor shall maintain a list of all of the managers who shall rotate through the on-call schedule ("Contact List"). This Contact List shall provide the names and appropriate contact information (mobile phone and pager numbers) for each of these managers. The on-call manager rotation schedule shall be submitted to the City monthly throughout the term of the Agreement. The City shall be immediately notified of any changes made to the on-call schedule.

8.8 Contract Monitor

(a) Cost of Contract Monitor

Contractor shall reimburse the City on a monthly basis, in advance, for the reasonable costs of a City-appointed Contract Monitor. Contractor must reimburse the City for costs the City has actually incurred relating to the Contract Monitor's work described in this Section. Should the City retain the Contract Monitor for other work, Contractor shall not be required to reimburse the City for costs associated with such other work. City reserves the right to re-assign, reduce the hours of, or replace the Contract Monitor at any time at its sole discretion, although the City recognizes the value in having continuity in the Contract Monitor position.

(b) Duties of Contract Monitor

The Contract Monitor shall review the Contractor's classification of vehicles as Lien 1, Lien 2, or Lien 3 and has the authority to require Contractor to change the classification to protect vehicle owners prior to the Contractor sending the lien notice to the DMV. The Contract Monitor's duties shall include monitoring compliance with the Operations Plan and other duties as specified in a written job description to be provided by City to Contractor. City agrees to give Contractor an opportunity to comment on the job description prior to its adoption by City. In addition, the Contract Monitor is hereby authorized to act as DPT's representative for the purpose of conducting any inspection authorized by Section 11.6 of Appendix A of this Agreement. Contractor shall notify Contract Monitor of the day of regularly scheduled weekly auctions. Contractor also shall notify the Contract Monitor a minimum of three (3) days before any additional auctions will take place. Contractor shall provide the Contract Monitor 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. The Contract Monitor has the authority to require Contractor to reduce the minimum bid amounts, if any, prior to the auction.

Contractor shall not accept a bid on any vehicle from any person who has been currently or previously designated by the City during the term of this Agreement as Contract Monitor.

8.9 Vehicle Auctioneer

(a) Cost of Auctioneer

Contractor shall reimburse the City on a monthly basis, in advance, for an independent auctioneer to conduct regular auctions one (1) day per week, and any additional auctions that Contractor may conduct. The auctioneer shall be designated by City, and the City reserves the right to change the individual or service under contract as the vehicle auctioneer at any time at its sole discretion. If at any time during the term of this Agreement City has not designated an auctioneer, Contractor shall contract for the services of an independent auctioneer at Contractor's expense. Whether selected by City or by Contractor, any individual providing auctioneering services shall be replaced at least once per year except with City prior written approval; however, upon Contractor's request and with prior written approval by City, an individual who has already performed auctioneering services may be rotated back after at least one (1) year.

(b) Duties of Auctioneer

Contractor shall notify the auctioneer of the day of regularly scheduled weekly auctions. Contractor also shall notify the auctioneer a minimum of three (3) days before any additional auctions will take place. Contractor shall provide the auctioneer a report of all vehicles being auctioned, which shall include at a minimum the vehicle makes, models, the minimum asking price as determined by Contractor ("Auctioneer Report"). Contractor shall not sell vehicles at auction to any person who has been currently or previously designated by the City during the term of this Agreement as vehicle auctioneer. Any auctioneer who has accepted bids on lien sale vehicles from close family members (defined as any spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, first cousin, or the spouse of any such person), or who conducts an auction in any way that benefits the auctioneer's own financial interests or the financial interests of any close family member as defined herein, shall be immediately disqualified from conducting any future auctions. Contractor shall not be responsible for screening auction participants for improper relationships with the auctioneer, but Contractor must act immediately to dismiss an auctioneer and notify the City if it has actual knowledge of any conduct that is prohibited under this Section.

9. Equipment and Information Services Requirements

9.1 Tow Cars

Contractor shall provide regular and heavy duty Tow Cars staffed with trained operators twenty-four (24) hours a day, 365 days per year, within response time requirements, to perform any type of vehicle removal that is the subject of a Tow Request from any public street or highway or private property within the City in accordance with the requirements of the Vehicle Code and the Traffic Code, including, but not limited to, the following types of tows:

(1) Towing of large and oversize vehicles

(2) Towing from off-road areas

(3) Towing from low-clearance areas and underground garages

(4) Towing of evidentiary vehicles

(5) Towing vehicles involved in collisions

(6) Towing of vehicles with anti-theft locking devices.

All Tow Cars used in the performance of tow services under this Agreement shall be in good mechanical and operating condition and clean on the interior and exterior. Contractor's agreements with subcontractors for towing services must require subcontractors to comply with maintenance and cleanliness standards for Tow Cars and auxiliary equipment set forth on the California Highway Patrol form number 234 "Annual Tow Car Inspection Report" or successor California Highway Patrol form. Contractor shall conduct random inspections of all Tow Cars and Tow Equipment provided by subcontractors at least quarterly, on an inspection schedule that ensures that the entire fleet and all operators are inspected over a twelve (12) month period. Contractor shall require compliance with such random inspections in its subcontracts for towing services. Contractor shall submit all inspection results to the City.

9.2 GPS Tracking Systems for Tow Cars

(a) GPS Equipment

Subcontracts for towing services shall require that all Tow Cars used to provide services under this Agreement be equipped with a global positioning tracking system ("GPS") within ninety (90) days of the Effective Date of this Agreement. The GPS device selected for use in the Tow Cars must allow City to accurately track the location of the Tow Car in accordance with the specifications set forth in Section 15.5(5) of this Appendix A while it is used to provide services under this Agreement. If the selected GPS device does not meet the City'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 Car.

(b) GPS Software

Contractor shall acquire and maintain all necessary software licenses for this GPS tracking system. Contractor shall provide to City, at 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. Contractor shall install and configure GPS software, provide training for the use of the software, and support all activities related to the City's use of the GPS tracking system.

9.3 Two-Way Radio Communications Equipment

On the Effective Date of this Agreement, Contractor shall issue a two-way radio to each Tow Car operator that shall be used when direct voice communication is required or as a backup communication method, and to enable digital, hands-free communication between Central Dispatch and the Tow Car. All radio communications between Central Dispatch and a Tow Car shall be monitored by supervisory personnel and recorded (as described in Appendix A, Section 1.3). Contractor shall also issue a minimum of two (2) radios to DPT to be used as an alternative communications method between City dispatchers and Contractor dispatchers. Contractor shall be responsible for all costs associated with two-way radios that are issued to the City; however, Contractor may recover costs for radios distributed to subcontractors from those subcontractors.

9.4 Tow Car Data Terminal

Within 180 days of the Effective Date of this Agreement, Contractor shall send the initial basic information collected on every vehicle towed (field officer requested tows only) by each Tow Car in real-time to the TVMS using a data terminal or other device available in each Tow Car. Contractor shall train Employees and subcontractors on the manual procedure for inputting the initial basic information on towed vehicles if the Tow Car data terminals are not working. When Tow Car data terminals are not working, the information shall be communicated from the Tow Car operators in the field to Central Dispatch via two-way radio communications. This initial communication will create a new record indexed to the unique, system-generated field in the TVMS for every tow provided by Contractor, herein referred to as the "Tow Request ID" for the purpose of this Agreement only; Contractor may use any clearly defined field name in the TVMS. The basic information reported on every towed vehicle must at a minimum, include at least three (3) of any of the data elements from the following list; however City may, by written notice to Contractor, require that the vehicle license plate number be a mandatory data element for the purposes of this Section:

(1) Vehicle license plate number

(2) Vehicle make

(3) Vehicle model

(4) Vehicle color

(5) Location of the tow (street and cross street)

(6) Tow date and time.

9.5 Vehicle Tow Records and CTMS

Within ninety (90) days of agreement by the parties on an interface design and joint project plan, Contractor shall create an interface between its TVMS and the City's CTMS so that records on each towed vehicle are created in the City's CTMS in real-time as the tows occur (field officer requested tows only). In addition, this interface must ensure that agreed-upon updates made by Contractor to a towed vehicle record in the TVMS are updated in the City's CTMS in real-time for any data element that is shared by the CTMS and the TVMS (both dispatch and field officer requested tows). Contractor must provide City with information to update the CTMS with all intake information within one (1) hour of the intake of the vehicle. In any instance in which the CTMS and TVMS have matching information for the vehicle, Contractor must enter all release information into the CTMS within twenty-four (24) hours of release of the vehicle. If the vehicle's identifying information cannot be matched between the CTMS and the TVMS, Contractor shall report the discrepancy to DPT within two (2) business days, excluding weekends and holidays. Contractor shall update the City's CTMS via a "simple screen swipe" method, for the purposes of inserting new tow information (field officer requested tows only) through the interface; however, if Contractor identifies a more efficient, cost effective method which the City approves in writing, Contractor may implement such alternative method at its own cost.

9.6 Electronic Tow Inventory Slips

Within sixty (60) days of the Effective Date of this Agreement, Contractor shall provide electronic storage of all tow slip information in the TVMS system. The tow slips shall be processed and entered into the TVMS system as soon as the vehicle is delivered to one of the Designated Facilities, and never more than eight (8) hours after a vehicle is towed. Contractor shall ensure that City has remote electronic access to the tow inventory slip information at all times. Contractor shall also scan all manually written tow slips and store the tow slip as an electronically scanned image, cross-referenced to the tow record in the TVMS. Contractor shall provide a hotline for technical assistance related to electronic tow inventory slips Monday through Friday from 8:00 a.m. to 6:00 p.m., with pager or mobile phone access during all other hours.

10. Towed Vehicle Management System

Contractor shall maintain detailed electronic records of each tow in its TVMS. The TVMS shall assign a unique, system-generated Tow Request ID to each Tow Request made during the term of this Agreement, All information related to the towing, impoundment, and disposition of any vehicle currently impounded or previously released, sold or disposed of, including references to manually written (paper) tow slips, shall be searchable in the TVMS using the Tow Request ID. This system must be capable of providing to DPT a daily record containing information including the date of the Tow Request, the make, model, license plate number, and VIN of all towed vehicles and the current status of all towed vehicles. Towed vehicle information must be entered into the TVMS within three (3) days of the date of the tow.

For Dispatch Tows, information about vehicles that are dropped or not towed for some other reason shall be recorded in the Contractor's TVMS but Contractor shall not generate any record for the purpose of assessing charges for tows of such vehicles.

10.1 Computer Hardware and Software

Contractor shall at a minimum use Microsoft Windows 2000 Server or newer Microsoft Server software as the operating system of its servers, and Windows XP Professional as the operating system for its desktop computer workstations. The location of the Contractor's data center in which information for the TVMS is hosted must be approved by the City. City hereby approves the location of the data center, at the SBC Data Center in Irvine, California, and at the Customer Service Center, as of the Effective Date of this Agreement.

Contractor shall not under any circumstances maintain the TVMS using proprietary software that prevents data extraction and analyses into any general industry-wide database system protocol, such as Oracle or Microsoft SQL.

Contractor shall provide the following specified hardware for the City's use to connect the City network to the Contractor's network. All the equipment that is installed in the City's data center and required to terminate the secure, point-to-point connection between the City and Contractor networks shall become the property of the City at the expiration or termination of this Agreement.

(a) ***Firewall Configuration***

Cisco (PIX-506E-BUN-K9)

Product	Description	Quantity
PIX-506E-BUN-K9	PIX 506E 3DES/AES Bundle (Chassis, SW, 2 FE Ports, 3DES/AES)	1
CAB-AC	Power Cord, 110V	1
SF-PIX-506-6.3	PIX v6.3 Software for the PIX 506E Chassis	1
PIX-506-SW-3DES	PIX 506E3DES/AES VPN/SSH/SSL encryption license	1
PIX-VPN-CLNT-K9	Cisco VPN Client Software (Windows, Linux, Solaris)	1
CON-OSP-PIX506BN	ONSITE 24x7x4 PIX 506E 3DES/AES Bundle (Chassis, SW, 2)	1

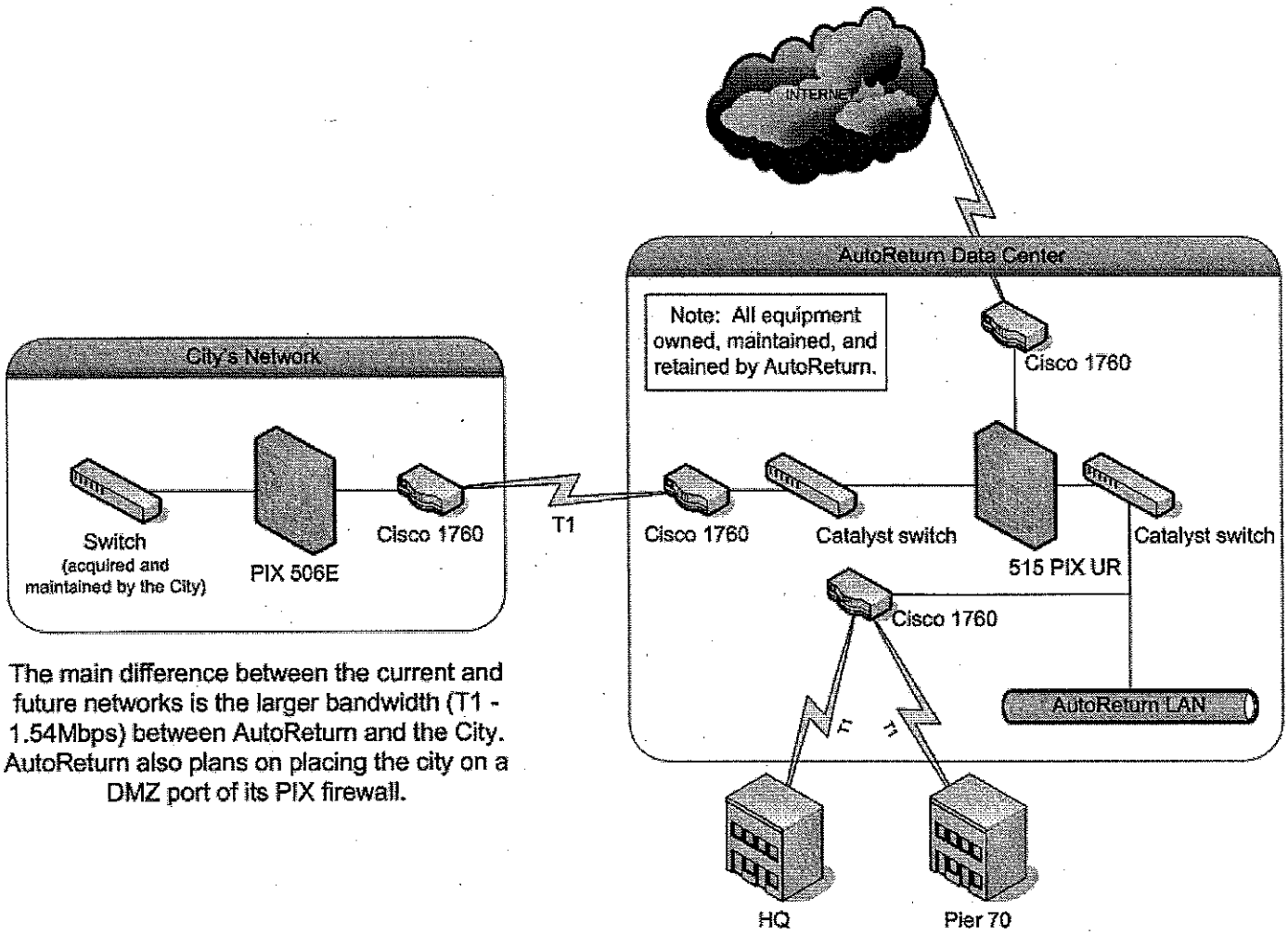
(b) ***Router Configuration***

(CISCO 1760)

Product	Description	Quantity
CISCO1760	10/100 Modular Router w/ 4 slots, 19-in. Chassis, 32F/64D	1
S17B-12215T	Cisco 1700 IOS IP/IPX	1
WIC-1DSU-T1	1-Port T1/Fractional T1 DSU/CSU WAN Interface Card	1
CAB-AC	Power Cord, 110V	1
ROUTER-SDM	Device manager for routers	1
CON-SOP-1760	24x7x4 Onsite Svc, 10/100 Modular Router w/ 2WIC/VIC, 2VICs	1

See Figure 1 for further configuration details.

Figure 1: Overview of Connectivity Between City and Contractor Networks



The main difference between the current and future networks is the larger bandwidth (T1 - 1.54Mbps) between AutoReturn and the City. AutoReturn also plans on placing the city on a DMZ port of its PIX firewall.

10.2 Network Connections

Within thirty (30) days of the Effective Date of the Agreement, or other date approved in writing by City, the Contractor shall provide data lines to connect the following locations to the TVMS:

Contractor Division	Location
Customer Service Center	850 Bryant Street/450 7th Street
Primary Storage Facility	415 7th Street/450 7th Street
Secondary Storage Facility	Pier 70

Note: Alternate sites may be approved by the City.

Contractor shall provide separate T1 Internet data lines that connect the Customer Service Center at 850 Bryant Street and at the 450 7th Street property to the TVMS database server so that if the Customer Service Center located at 850 Bryant Street becomes disabled, the 450 7th Street property can be configured to operate as the Customer Service Center, within a reasonable timeframe. Contractor shall provide data connections to the Primary and Secondary Storage Facilities using frame relay lines operating at a minimum speed of 768KB. Contractor shall install a firewall at the Customer Service Center during the term of Appendix E and at the 450 7th Street property (if security requirements justify this) to ensure the security of the data.

Within thirty (30) days of the Effective Date of this Agreement, or other date approved in writing by City, Contractor shall provide a T1 data line that connects the Customer Service Center with the DPT server headquarters at 25 Van Ness Avenue. This connection will be used to provide a connection to the TVMS for City staff and create a pathway for the TVMS to communicate with the City's CTMS.

Contractor shall provide the following City locations with real-time access to the TVMS within thirty (30) days of the Effective Date of this Agreement:

City Division	Location
DPT Enforcement	505 7th Street
DPT Citation Division	1380 Howard Street
DPT Hearing Division	1380 Howard Street
DPT Administration	25 Van Ness Avenue
SFPD Auto Detail	850 Bryant Street
SFPD STOP Program	850 Bryant Street

For users located at the City locations listed above who cannot connect to the Contractor's system using the data line to 25 Van Ness Avenue, Contractor shall configure a single Virtual Private Network (VPN) utilizing 3DES encryption per location. Remote clients shall be able to connect to Contractor's network through remote VPN client software and DSL Internet connections. Contractor shall bear only the cost of the DSL Internet services and the corresponding DSL modems and/or routers. City shall identify and provide a computer (Windows XP) in each location on which the VPN client software will be installed, for which the DSL Internet service will be established, and for which the access to the TVMS will be provided. The City shall also be responsible for any telecommunications cabling that is required for the DSL connections to be established in each location.

10.3 City Access to TVMS

Contractor shall provide the City with direct, real-time access to the TVMS. Access to the TVMS shall be controlled using sufficient security protocols and procedures to protect the security of the City's network. Contractor shall issue user logins and passwords to authorized City staff members as needed and requested by the City. All costs associated with providing the City with access to the TVMS, including any required hardware and data lines (as described in Sections 10.1 and 10.2), shall be the sole responsibility of the Contractor (except as specified in Sections 10.1 and 10.2).

Contractor shall provide all associated hardware, software, data lines, and maintenance to ensure on-going City access to the TVMS at least ninety-nine percent (99%) of the time during a monthly reporting cycle and shall provide a hotline for technical assistance Monday through Friday from 8:00 a.m. to 6:00 p.m., with pager or mobile phone access during all other hours.

10.4 TVMS Functionality

Contractor shall provide the City with a proposed data model of the TVMS that shows all tables and fields for the City's review and approval within thirty (30) days of the Effective Date of this Agreement. Contractor's proposed data model for the TVMS shall include, at a minimum, the data fields listed in the table below.

Data Element	**Required Field**
Vehicle Information	Make
	Model
	Year
	Color
	Body style
	License number
	License state
	VIN
	Comments added by Customer service representatives from conversations with vehicle owner, lien holder, insurance agent, or any other applicable party
	Date of tow
	Time of tow
	Location of tow - street
	Location of tow - cross street
	Tow Equipment type
	Reason for tow
	Time of arrival at Primary Storage Facility
	Date relocated to Secondary Storage Facility
	Time relocated to Secondary Storage Facility
	Storage location
	Dispatcher ID
	Tow subcontractor ID
	Disposition type (released or sold)
	Date of disposition
	List of vehicle contents at time of tow

Data Element	Required Field
Photograph of Vehicle Condition	Digital photographs of vehicle condition at time of initial arrival at Designated Facility
Vehicle condition	Description of vehicle condition on arrival at Primary Storage Facility
Image of Vehicle Condition	Documentation of damage visible on vehicle at time of tow
Registered Owner Information	Name
	Address
Revenue	Sale revenue
	Salvage revenue
Fees Received	Tow fees
	DPT Administrative Fee
	Storage fees
	Transfer fees
	Lien fee
Lien Information	Date information sent to DMV
	Date of release (release date or sale date)
	Lien Category
	Sale price
	Purchaser name
	Purchaser address
	ID type provided
	ID information
City notification	Time of Tow Request
	Date of Tow Request
	Agency that initiated Tow Request
	Officer badge number, if applicable
Contractor notification	Time that Tow Request was received
	Time that Tow Car arrived on site
Hold information	Field indicating whether vehicle on Hold
	Name and/or badge number of officer who authorized the release for holds requiring written release authorization
	Date of release from hold for holds requiring written release authorization
	Time of release from hold for holds requiring written release authorization

Once City has reviewed the initial data model, it shall request Contractor in writing to make any modifications it considers vital to the system. Contractor shall incorporate the City's comments and resubmit the data model for the City's approval.

10.5 Handheld Devices

Within 180 days of the Effective Date of this Agreement, or other date approved in writing by City, Contractor shall provide handheld devices to be used by its Employees at its Primary and Secondary Storage Facilities. These devices shall provide real-time access to a limited number of specified fields in the TVMS in order to allow Contractor's Employees to query and update data on impounded vehicles in accordance with the standards set forth in Section 15.5(11) of this Appendix A. The fields available for such queries shall include but are not limited to vehicle license number, make, model, color, date of tow, and the Tow Request ID. Contractor's handheld devices shall also be able to scan and read ID tags (bar-code, RFID, etc.) so that the devices can be used for inventory management of towed vehicles stored at the Secondary Storage Facility. Contractor shall propose its recommended handheld device to the City for approval prior to purchase.

Contractor shall, at its sole expense, provide the City with up to three (3) handheld devices (as requested by the City) that are identical to the devices to be used by Contractor's Employees. Contractor shall be responsible for any ongoing license fees, airtime charges, or other related costs to use these devices.

11. Facilities Requirements

11.1 Designated Facilities

Contractor shall use the Designated Facilities for all service requirements of this Agreement, except as otherwise approved in advance in writing by City. The location or relocation of any Designated Facility shall be subject to prior written approval by City. City hereby approves the current location of all Designated Facilities. Contractor may use Designated Facilities for towing and storing vehicles that are not towed or stored at the request of the City with the prior written approval of City and subject to any conditions imposed in such approval. Contractor may allow Employee and vendor parking at Designated Facilities, subject to any limitations set forth in Appendices D and E, so long as it does not interfere with Contractor's performance of towing and impound services to all standards and requirements of this Agreement.

(a) Customer Service Center

The Customer Service Center shall provide a location for Customers recovering vehicles in person to pay for towing and storage charges, Citation fees and penalties, and other applicable fees, and/or to process any documentation required for vehicle release. The Customer Service Center shall be open to the public twenty-four (24) hours per day, 365 days per year. If the Customer Service Center is relocated outside of the Hall of Justice at 850 Bryant Street, Contractor shall provide a security guard in any area open to the public at all times that such facility is open to the public at its sole expense. The Customer Service Center must be located at or near the Primary Storage Facility. City hereby grants Contractor a license to occupy and use the Property at 850 Bryant Street for a Customer Service Center as of the Effective Date of the Agreement during the Term of and so long as the Contractor complies with the terms and conditions of Appendix E.

(b) Primary Storage Facility

(i) Authorized Facility

City hereby grants Contractor a license to occupy and use the Property at 415 7th Street as a Primary Storage Facility as of the Effective Date of the Agreement during the Term of and so long as the Contractor complies with the terms and conditions of Appendix E.

(ii) Vehicle Storage and Retrieval

Contractor must provide a covered area at the Primary Storage Facility where Customers can wait while their vehicle is being retrieved. The Primary Storage Facility shall be open twenty-four (24) hours per day, 365 days per year. Contractor may also use the Caltrans lot at 450 7th Street as a Primary Storage Facility.

(iii) Tows to Primary Storage

Contractor shall take all towed vehicles to the Primary Storage Facility for short-term storage if they are not subject to a Police Hold or are not taken directly to the Secondary Storage Facility. Contractor shall store all towed vehicles at the Primary Storage Facility for twenty-four (24) hours after being towed, unless vehicles are required by this Agreement to be directly towed to the Secondary Storage Facility. Vehicles stored at the Primary Storage Facility shall be moved to the Secondary Storage Facility after the first twenty-four (24) hours, with the exception that, during the term of Appendix E, Contractor may decide to relocate select vehicles to the lot at 450 7th Street for additional short-term storage. Contractor shall not conduct any vehicle maintenance or vehicle parts sales at the Primary Storage Facility, except for maintenance of forklifts or other lot operations equipment.

(c) Secondary Storage Facility

(i) Authorized Facility

City hereby grants Contractor a license to occupy and use the Property at Pier 70 as a Secondary Storage Facility as of the Effective Date of the Agreement during the Term of and so long as the Contractor complies with the terms and conditions of Appendices C and D.

(ii) Vehicle Storage and Retrieval

Contractor shall use the Secondary Storage Facility to store vehicles, including vehicles towed directly to the Secondary Storage Facility and most vehicles which are not picked up by the public within twenty-four (24) hours. Contractor shall conduct vehicle lien sales at this location. This facility shall be open to the public from 8:00 a.m. to 6:00 p.m. Monday through Friday. Outside of operating hours, Contractor shall secure the Secondary Storage Facility using security personnel. Vehicles must be available for retrieval from the Secondary Storage Facility by Contractor's staff twenty-four (24) hours per day, 365 days per year.

(iii) Tows to Secondary Storage

Contractor shall tow all Scofflaw, arrest, accident, Abandoned, recovered stolen vehicles, oversized vehicles, SFPD STOP Administrative Police Hold vehicles, disabled vehicles, dilapidated vehicles and other vehicles as directed by the City directly to the Secondary Storage Facility. The specific policies for whether vehicles are towed to the Primary Storage Facility or directly to the Secondary Storage Facility may be changed at any time subject to City's prior written agreement.

(iv) Facility Management

Contractor agrees to assume all responsibilities for use of storage facilities at Pier 70 in accordance with the License Agreement attached hereto and incorporated by reference as Appendix D, and to be bound by all covenants, terms and conditions of the Port MOU, with the exception of DPT's obligations under Section 2 of the Port MOU, during the term of Appendix D.

Contractor shall manage the Secondary Storage Facilities to meet the following guidelines:

(1) Contractor shall remove vehicles that have been legally cleared for disposal on a weekly basis.

(2) Contractor shall, at a minimum, hold a vehicle lien sale auction once a week.

(3) Vehicles shall be placed in such a way that no more than four (4) vehicles shall need to be moved to clear a passage for any vehicle.

(4) Two (2) feet of clearance space shall be maintained between the sides of all vehicles.

(5) The Secondary Storage Facility personnel shall comply with all municipal, state, and federal codes and safety regulations at all times.

(6) The Secondary Storage Facility shall be clean and maintained at all times.

(7) Facilities shall be screened from public view except for necessary gates, and except for, during the Term of Appendix D, the fence along the waterfront of Parcel B.

(8) Gates shall be at least eight (8) feet high and maintained in good condition.

(9) The parking and storage surface shall be maintained in accordance with all requirements of Appendices B, C and D.

(10) Security systems, including ample lighting and a surveillance system, shall be in place and operational at all times for the entire occupied area.

(11) Contractor shall not permit the public to walk through the lot unescorted by an employee of Contractor.

(d) Central Dispatch

Contractor's Central Dispatch facility shall operate twenty-four (24) hours per day, 365 days per year. City hereby approves any location of Central Dispatch at the Primary Storage Facility or at Contractor's Headquarters Office, so long as Central Dispatch is located within the City and County of San Francisco.

(e) Changes in Facilities

(i) Approval

City may approve relocation of Designated Facilities, including shifting Contractor's operations between existing Designated Facilities, terminating the use of one or more Designated Facilities, or adding new Designated Facilities. Any such relocation or change to Designated Facilities shall require prior written approval of City.

(ii) Service Standards

In the event that City approves the relocation of any Designated Facility, the parties acknowledge that certain response times and maximum charges contemplated by this Agreement may require modification to take into account the changed geographic circumstances of Contractor's operations. Any written approval of a change to the Designated Facilities listed in this Agreement shall include a revised schedule of fees and/or response times to which the parties have agreed as part of the relocation, if necessary.

(iii) Consolidation

The parties anticipate that Contractor will relocate the Customer Service Center and Primary Storage Facility to a single location at the 450 7th Street site ("Consolidation"). Contractor agrees to give City thirty (30) days prior notice of its intent to relocate to 450 7th Street, and the parties shall reach written agreement on any detailed terms required, including termination of the property licenses at 850 Bryant Street and 415 7th Street, in order to implement such Consolidation. Following Consolidation, should City cease to use Contractor for towing services prior to February 28, 2015, the terms for City's continued use of the 450 7th Street property are set forth in Appendix I. If Contractor implements the Consolidation of the Customer Service Center and the Primary Storage Facility, City agrees to terminate Appendix E as of the date that the consolidated facility meets all standards of this Agreement and any terms and conditions agreed upon by the parties for such Consolidation.

11.2 Property Maintenance Requirements

All costs associated with maintenance of Designated Facilities shall be the sole responsibility of the Contractor.

All open areas within the Designated Facilities used for vehicle storage shall be maintained in a clean, secure, neat, and visually presentable manner. Contractor shall not dismantle or crush vehicles or remove vehicle fluids on the any of the facilities to be used in the performance of this Agreement except in compliance with environmental regulations and the applicable requirements of Appendices B, C, D and E. Any removal of fluids from vehicles shall be conducted in a manner that complies with all requirements of this Agreement, and may only be performed by a licensed contractor, and into portable containers that are immediately removed from the facility.

11.3 Facility Security

Contractor shall store vehicles in such a manner as to prevent damage to vehicles and to vehicle contents. Contractor shall provide adequate security at the Designated Facilities to ensure that vehicles and vehicle contents are protected at all times. Upon the Effective Date of the Agreement, Contractor shall maintain a camera-based security system for Designated Facilities at its sole expense which, within ninety (90) days of the Effective Date, shall be viewable by management at DPT. Contractor shall provide to the City a proposed plan for security systems at all Designated Facilities within ninety (90) days of the Effective Date of this Agreement ("Security Plan"). The Security Plan shall be approved and adopted as part of the Operations Plan as provided in Section 14 of this Appendix A. All costs associated with security at Designated Facilities shall be the sole responsibility of Contractor.

11.4 Protection of Vehicle and Contents

Contractor shall provide secure storage for any personal property removed from a vehicle in its possession. Within ninety (90) days of the Effective Date of this Agreement, Contractor shall submit a plan to securely store all personal property in a vehicle, to inventory and secure personal property that is stored outside of the vehicle if it cannot be securely stored inside the vehicle, and to dispose of unclaimed personal property ("Personal Property Plan"). The Personal Property Plan shall be approved as part of the Operations Plan as provided in Section 14 of this Appendix A. Personal property not claimed by the time the associated vehicle is lien sold shall be properly disposed of by any legally authorized disposal method approved by the City. Contractor shall not be responsible for retaining personal property (for the purposes of personal property release as defined in Section 4.3) after the DMV-issued lien sale authorization date (lien sale "clear date").

11.5 Lien Vehicle Storage

All vehicles upon which Contractor issues lien holds shall be stored primarily at the Secondary Storage Facility. All vehicles that are auctioned or sold for dismantling shall be removed from the Designated Facilities within one (1) week after the date of sale.

11.6 Right to Inspect

Any authorized representative of the City has the right to inspect the Designated Facilities at all times for the purpose of evaluating Contractor's performance pursuant to this Agreement. City officials and inspectors shall have the right to conduct periodic site visits, during reasonable business hours, to inspect for permit compliance or to respond to citizens' complaints. City officials and representatives shall have unrestricted access to all of the Designated Facilities subject to permits or licenses to make whatever announced or unannounced visits they deem appropriate.

12. Fees, Payments and Credits

12.1 Payments Due to City

(a) Referral Fee

Contractor shall submit to the City a Referral Fee of $20 per tow, excluding dropped tows as described in Appendix A, Section 4.2. The Referral Fee shall be the same for every type of vehicle, and shall increase each twelve (12) month period on each July 1st by the Consumer Price Index for the San Francisco Region as published by the United States Department of Labor, Bureau of Labor Statistics on January 1. Adjustments will be rounded to the nearest twenty-five cents ($0.25). No Referral Fee shall be paid for:

(1) Vehicles owned by the City under the jurisdiction of the DPT or the SFPD, or any other Courtesy Tow performed pursuant to Section 2.4 of this Appendix A, and

(2) Vehicles for which a waiver of towing, storage, transfer and/or lien fees is issued by DPT, DPH or SFPD.

(b) Percentage Fee

Contractor shall submit to the City a percentage fee of one percent (1%) on annual Gross Revenues from all money collected during the term of this Agreement. This fee shall be initially paid in the fifteenth (15th) month after the Agreement is signed, in the thirteenth (13th) month thereafter for the previous twelve (12) month term, and yearly thereafter.

(c) DPT Administrative Fee

Prior to releasing the vehicle, Contractor shall collect a pass-through DPT Administrative Fee for all vehicles recovered by the vehicle owner.. The amount of the DPT Administrative Fee as of the Effective Date of this Agreement is sixty dollars ($60.00), but is subject to change in accordance with the provisions of Traffic Code § 170.1. No Administrative Fee shall be collected for:

(1) Any vehicle owned by the City under the jurisdiction of the DPT or the SFPD, or any other Courtesy Tow performed pursuant to Section 2.4 of this Appendix A.

(2) Any vehicle for which the Customer produces a written waiver of the DPT Administrative Fee issued by DPT, DPH or the SFPD.

(d) SFPD Traffic Offender Fee

If applicable, when a vehicle is sold at a lien sale and there are funds to satisfy all other fees as defined in Section 12.3(c) of this Appendix A, then Contractor shall pay to the SFPD or into an account designated by the SFPD an SFPD Traffic Offender Fee in an amount set by the San Francisco Police Commission. City and Contractor may agree in writing on a different mechanism for collection of the SFPD Traffic Offender Fee.

(e) Citation Fees

Contractor shall collect payments of Citation 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.

(f) Liquidated Damages and Fines

Contractor shall pay to City the amounts of any liquidated damages or fines assessed pursuant to this Appendix A, Section 15 and Appendix D, Section 6.7.

(g) Deposit of Fees Due to City

Except as otherwise specified herein, Contractor shall deposit all funds collected under this Section 12 within twenty-four (24) hours of receipt into an account specified by the City, Monday through Friday, not including weekends and holidays. Any funds with a deadline for deposit which falls on a weekend or a holiday shall be deposited no later than the next business day. All funds due to City under this Section shall be paid by Contractor without prior demand by the City and without any deduction, setoff, or counterclaim whatsoever, except as expressly provided herein. The parties may agree upon alternative procedures for Contractor's payment to City, but any such change must be approved in advance by City in writing.

(h) Payment Shortages

If Contractor fails to collect all amounts due from a Customer, Contractor shall be responsible to reimburse the City for any amounts not collected as required herein, unless the failure is caused solely by the negligence of City or a failure of the CTMS. Contractor shall follow any procedures required by the City to report overages or shortages.

12.2 Credits Due to Contractor

(a) City Waivers

In the event that (i) DPT, DPH 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 (ii) DPT, DPH or the SFPD waives the fees for the towing, storage, transfer and/or lien of a vehicle, or (iii) DPT or the SFPD waives the fees for the towing and storage of a vehicle for one of the reasons enumerated in

§§ 10C.1, 10C.8 or 10C.8-1 of the San Francisco Administrative Code, then no such fees shall be charged by Contractor to the owner or operator of such vehicle. In the event that the owner or operator of a vehicle has paid Contractor for towing, storage, transfer, lien and/or other fees and the City subsequently waives the tow, storage, transfer, lien and/or other fees for that owner or operator, then Contractor shall directly reimburse the owner or operator in full the amounts previously paid to Contractor for such vehicle. When the City waives towing, storage, transfer and/or lien fees as provided for in this section, the City shall pay Contractor only the towing, storage, transfer and/or lien fees that would have been owed by the vehicle owner or operator, and such fees shall not include any DPT Administrative Fees as Contractor might otherwise charge. When the City waives storage fees as provided in this Section, the City shall pay Contractor storage fees for each such vehicle as set forth above for the first three (3) days of storage. There shall be no storage charge for the fourth (4th) through the ninth (9th) days of storage. For the tenth (10th) storage day and all days thereafter, City shall pay Contractor ten dollars ($10.00) per day for the storage of such vehicles. Adjustments and credits and payments due to Contractor as a result of City waivers shall be calculated and submitted to the City through the City's claims process and are to be paid within one (1) month from the date of submission by the Contractor. There shall be no late payment charges or interest assessed against City for late payment.

When DPT or the SFPD orders Contractor to release a vehicle pursuant to Vehicle Code § 22654(e) relating to authorization for moving a vehicle otherwise lawfully parked, City shall pay the cost of the tow and storage charges for a period not to exceed seventy-two (72) hours.

(b) Police Investigative Hold Storage Fee

Contractor shall not charge or receive any fee or other reimbursement or credit from the City for the towing, storage, transfer or lien of any Police Investigative Hold vehicle, except when the number of Police Investigative Hold vehicles in storage on any day exceeds limit of 350 vehicles. SFPD shall pay Contractor a storage fee of ten dollars ($10.00) per day per vehicle in excess of 350 Police Investigative Hold vehicles in storage at Contractor's facilities at any one time. The SFPD will be responsible for these fees and the Contractor shall not deduct any Police Hold storage fees due from any money owed to DPT under this contract. For the purposes of this Section 12.2(b), "Police Investigative Hold" vehicles shall not include NO ID vehicles described in this Appendix A, Section 4.5.

Notwithstanding the foregoing, in the event a vehicle is towed without a Police Investigative Hold and a Police Investigative Hold is subsequently placed on the vehicle, the SFPD shall immediately notify Contractor in writing of the Police Investigative Hold status change. The SFPD shall pay or require the owner or operator of the vehicle to pay the Contractor only the tow, transfer, lien and/or other fees accumulated from the date of tow to the date the Contractor is notified of the Police Investigative Hold by the SFPD and that would otherwise be owed by the vehicle owner or operator, and such fees shall not include any SFPD or DPT Administrative Fees. In addition, the SFPD shall pay or require the owner or operator to pay storage fees for any days from the tow date to the date Contractor is notified of the Police Investigative Hold by the SFPD. For storage amounts paid by the SFPD, storage charges shall be calculated for each such vehicle as set forth above for the first three (3) days of storage. There shall be no storage charge for the fourth (4th) through the ninth (9th) days of storage. For the tenth (10th) storage day and all days thereafter, the SFPD shall pay Contractor ten dollars ($10.00) per day for the storage of such vehicles.

(c) Non-Towed Vehicle Citation Collection Fees

Contractor shall be entitled to a credit for any collection fees due pursuant to Section 6.2(c) of this Appendix A.

(d) Other Offset Allowances

At any time during the Term of this Agreement, City may elect to fund certain property maintenance, construction, improvements, systems development or staffing related to City towing and impoundment operations that are not the responsibility of Contractor under this Agreement ("Projects"). City may require Contractor to implement any such Project and offset actual costs of the Project against funds owed to the City. No Project may be implemented without the prior written approval of the City, and all Project implementation must be in accordance with specifications, maximum costs and all other requirements provided in writing by City. Contractor shall comply with City's direction as to which category of funds collected pursuant to this Section 12 may be used to offset Project costs.

12.3 Charges to Customers

(a) Maximum Towing and Storage Charges

No lien for storage of a towed vehicle may exceed authorized charges for the maximum period of storage allowed by applicable laws, including but not limited to Vehicle Code §§ 22851.6, 22851.3, California Civil Code §§ 3067-3074 and any other applicable statutes enacted during the term of this Agreement. Contractor shall not charge any Customer amounts in excess of the amounts set forth in the Rate Schedule adopted pursuant to this Agreement and attached hereto as Appendix H except in compliance with all requirements of law for changes to such Rate Schedule. Appendix H shall apply to all vehicles handled by Contractor within the City, whether or not the vehicle is towed at the request of DPT, SFPD or DPH or is stored on any Designated Facility.

Towing and storage charges are subject to adjustment annually, on July 1, in direct proportion to the increase or decrease in the "Consumer Price Index for Urban Wage Earners and Clerical Workers", unadjusted data for all items for the twelve (12) months ending April of the current year, as published by the United States Department of Labor, Bureau of Labor Statistics. Adjusted charges will be rounded to the nearest twenty-five cents ($0.25).

In the event storage charges accrue on a vehicle because of Contractor's failure to provide DPT or the SFPD, as applicable, with either an "Unreleased Vehicle Report" (as required in Appendix A, Section 13.2(a)(ii)), a vehicle description or a verification of the VIN, such charges shall be null and void and neither the City nor the owner of said vehicle shall be responsible for those charges.

(b) Vehicle Transfer Fee

If vehicle is not retrieved within twenty-four (24) hours of the tow, Contractor may charge a one-time vehicle transfer fee as set forth in Appendix H to move the vehicle between Designated Facilities, including transfers between the 415 7th Street and 450 7th Street lots. Contractor shall not assess a transfer fee for any vehicle that is towed directly to the Secondary Storage Facility.

(c) Application of Funds Collected

Any funds collected from the lien sale of a vehicle shall be applied first to paying storage, towing and legally authorized lien processing costs, and all remaining funds shall be applied toward payment of 1) Delinquent Citations, 2) the DPT Administrative Fee, and 3) the SFPD Traffic Offender Fee, in that order.

If a vehicle is sold to a scrap dealer or dismantler, the full sale price must be applied to reduce the amount of a potential Deficiency Claim based on towing and storage charges.

12.4 Additional Fees Proposed by Contractor

Except for periodic adjustments provided for in Section 12.3(a) above, Contractor must notify the City in advance of any proposed fee that relates to any services performed under this Agreement or services performed for owners of vehicles towed or buyers of vehicles sold pursuant to this Agreement. All Contractor fees must be approved by the City.

12.5 Monthly Accounting

City and Contractor shall conduct an accounting of payments, reimbursements and credits due under this Agreement at the end of each month. The City shall reduce any payments owed by Contractor to City by the amount of any credits due to Contractor from City. If the payments due to the City are greater than any credit due to the Contractor, DPT shall bill the Contractor for the remaining payment balance owing. Contractor shall remit payment for the balance due within ten (10) days of the billing date. If the payments due to the City are less than the total credits due to the Contractor, City shall either, in City's sole discretion, pay the Contractor for the amount owed or hold over a credit to be applied against the next payment due to the Contractor. Any challenges to the amount owed by Contractor to City in a given month shall be resolved in the next monthly billing. Nothing in this Section 12 waives any rights of City under Section 7 of the Master Agreement.

12.6 Annual Compliance Audit

On or before each anniversary of the date of this Agreement, Contractor shall pay for a compliance audit by the City Controller's City Services Auditor or by a financial consultant approved by the City. The audit shall examine all monies collected by Contractor under the Agreement, review lien sale procedures for compliance with the Agreement and state and local laws, review the lien sale process for compliance with the Agreement and state and local laws, and review Contractor's internal procedures for compliance with all requirements of the Agreement. A certified copy of all compliance audit reports shall be furnished to the DPT and the Controller not more than 120 days following the anniversary of the Effective Date of the Agreement. At the same time as submitting the compliance audit, Contractor shall also provide the City with a copy of any DMV reports or audits of Contractor's practices or performance of its responsibilities under the Agreement for the applicable audit period that are in Contractor's possession. If such DMV reports are not in Contractor's possession, Contractor shall sign a waiver authorizing DMV to release any such reports to the City.

13. Reporting and Records Requirements

13.1 TVMS Records

(a) Records of Transaction

Contractor shall maintain consecutively numbered electronic records of each transaction involving the removal, impoundment, and disposition of all vehicles towed pursuant to this Agreement. Each electronic record shall contain the following information:

(1) Date and time of Tow Request;

(2) Date, time and location of tow and identity of Tow Car operator;

(3) Make, model, year and VIN of vehicle towed;

(4) Name and address of individual to whom vehicle is released or sold;

(5) Inclusive dates of and charges for impoundment; and

(6) Date and manner of vehicle disposition and income received.

(b) Weekly Management Report

Contractor shall provide a weekly Management Report to include the number of Tow Requests, number of Claims filed, number of vehicles sold at lien sales and the number of vehicles returned to the owner during the previous seven (7) day period.

(c) Monthly Management Reports

Contractor shall also provide a monthly Management Report in a form approved by the City. The approved format for each reporting item may include (but is not limited to), standardized reports (in paper or electronic format), utilities to query and download data on a variable periodic basis, or direct access the TVMS querying and reporting capabilities for ad hoc use by the City. The Reports shall include, but shall not be limited to, items such as:

(1) Tow and service response times

(2) Number and type of tows

(3) Information on vehicles retrieved by date and time

(4) Information on vehicles awaiting lien clearance

(5) Information on vehicles lien sold by number of days in storage and Lien Category

(6) Information on vehicles sold to dismantlers

(7) Information on vehicles purchased by the public

(8) Number of vehicles at each Designated Facility

(9) Number of vehicles in storage by reason for tow, by department requesting tow, or by date towed

(10) Monthly listing of all details in the TVMS system for every tow performed that month

(11) Monthly listing of all details in the TVMS system for every car retrieved during the month

(12) Monthly listing of all details in the TVMS system for every car auctioned or sold to dismantler

(13) Report of transfers of vehicles between Designated Facilities.

*(d) **Auction Report***

Contractor shall provide a weekly Auction Report to the City that includes detailed information for all lien sold vehicles. For each vehicle, the Report must include the following information:

(1) Vehicle Identification Number (VIN)

(2) License plate number

(3) Year

(4) Model

(5) Lien Category

(6) Actual sale amount

(7) Purchaser name and address

(8) A detailed description of the distribution of proceeds from vehicle sale

(9) Identify vehicles not sold that are held for future lien sale or for disposal

13.2 Minimum Required Reporting

*(a) **Daily Reports***

(1) Police Hold Report of Police Hold vehicles in excess of 325 vehicles (§ 4.6(d))

(2) Unreleased Vehicle Report

*(b) **Weekly Reports***

(1) Auctioneer Report (§ 8.9(b))

(2) Weekly Management Report (§ 13.1(b))

(3) Auction Report (§ 13.1(d))

(4) Police Hold Report (§ 4.6(d))

(5) Lien 1/Abandoned Vehicle Report

*(c) **Monthly Reports***

(1) Customer Service Report (§ 5.1(c)(v))

(2) Claim/Complaint Status Report (§5.2(c))

(3) Management Contact List (§ 8.7)

(4) Monthly Management Report (§ 13.1(c))

(d) Quarterly Reports

(1) Subcontractor Performance Audit Report (§ 8.2(c))

(e) Additional Reports

City may provide Contractor with a list of any additional required reports. Once the City submits its list of required reports to Contractor, Contractor shall have thirty (30) days to provide the requested reports to the City unless otherwise specified. The City reserves the right to request up to twenty (20) new reports or modifications to existing reports during the term of this Agreement.

13.3 Records Maintenance

This Section 13.3 shall survive termination of this Agreement. Contractor shall maintain digital photos that are not associated with any Claim for a period of two (2) years, except as otherwise agreed by City in writing. Digital photos related to a Claim shall be retained with the Claim file for a period of five (5) years. The retention of audio tapes is governed by Section 1.3(b) of this Appendix A. Contractor shall maintain all other Records generated pursuant to this Agreement for a period of five (5) years following expiration of this Agreement.

Contractor shall respond to requests from City for information regarding services provided under this Agreement within forty-eight (48) hours. If the Records requested are not capable of being produced within that time, the forty-eight (48) hour response shall indicate where the Records are located and when they can be made available for City's review, which shall in no event be longer than fourteen (14) days unless otherwise agreed. Contractor shall respond to requests for Records from City by providing Records in any format in which they are maintained, including but not limited to paper, audio and electronic formats.

14. Operations Plan

14.1 General Provisions

Contractor shall submit the elements of an Operations Plan as listed in Appendix B in accordance with the requirements of this Agreement. The final approved version of any Operations Plan element and any subsequent modifications approved in accordance with this Section shall define service standards for the performance of this Agreement, and are hereby incorporated into this Agreement as Appendix B as though fully set forth herein.

14.2 Approval Process

All elements of the Operations Plan shall be subject to City review and approval. All Operations Plan elements must be initially submitted no later than the deadlines set forth in Appendix B for each Operations Plan element. The deadline for any Operations Plan element described in the Agreement may be extended by written approval of DPT upon the request of and a showing of good cause by Contractor; however, the extension of any deadline for the Operation Plan elements designated in Appendix B as Pier 70 Operation Plan Elements also requires written approval of the Port during the term of Appendix D. City shall have twenty (20) days to review each element submitted, and either approve it as submitted or request revisions. Contractor shall respond to a request for revisions within fifteen (15) days. City will have ten (10) days to either approve the revised Plan element or request further revisions. Contractor and City shall from this point on have five (5) days to either approve the revised Plan element as submitted, submit further requests for revisions or to respond to requests for revisions. Each revision must reflect tracking of document versions, including date and source of revisions, and each

exchange of versions between the parties shall be accompanied by an executed document substantially in the form of Appendix B.

14.3 Line Item Approval

Pending the completion of the approval process of an entire Operations Plan element, Contractor may request line-item approval of certain portions of that Operations Plan element. If City does not respond to such request for line-item approval by Contractor within fourteen (14) days, the request for line-item approval shall be deemed denied.

14.4 Final Operations Plan

When an element of the Operations Plan is accepted by City, the final version of that element must be submitted to City in PDF format. Following City acceptance of Plan elements, the final Operations Plan and any subsequent modifications shall be distributed to all subcontractors.

14.5 Subsequent Modifications to Operations Plan

Contractor shall review the Operations Plan every six (6) months, and shall propose modifications as necessary to any element of the Operations Plan needed to improve service delivery. Modifications to the Operations Plan shall be approved through the process described in this Section 14. Each finally approved Operations Plan modification must identify the document version and date. Any subsequent modification of the Operations Plan shall supercede the prior version and be incorporated into this Agreement by reference when approved in accordance with this Section.

15. Liquidated Damages

15.1 Assessment of Liquidated Damages

Liquidated damages as described in this Section may be imposed by City for violations of the provisions of this Agreement. Failure by City to impose liquidated damages for specified violations shall not be a waiver of the right to enforce this Section, nor shall it constitute a waiver of any other right of City under this Agreement. No single act or omission by Contractor which incurs fines under Section 6.7 of Appendix D may be used as the basis for assessing any liquidated damages under this Section 15. The total amount of liquidated damages that City may collect under this Appendix A, Section 15 shall be limited to three hundred sixty thousand dollars ($360,000) per year. For the purposes of this Section 15, written notice by City of a violation shall constitute enforcement even though the City may not assess liquidated damages at the time of such initial written notice of violation.

15.2 Damages Calculation

All contract violations listed in this Section 15 are subject to the $360,000 per year limit set forth above. In addition, each type of violation which is subject to liquidated damages under this Section 15 is followed by the designation of one of the following categories: [A], [B], [C] or [D], and depending on the category shall be subject to the following definitions and limitations:

[A]: The measure of liquidated damages in this category **[A]** shall be subject to no limitation other than the $360,000 per year limitation stated above.

[B]: Liquidated damages in this category **[B]** may only be enforced within forty-five (45) days of the act or omission which gave rise to the City's right to collect liquidated damages.

[C]: Liquidated damages in this category **[C]** may be assessed for a period of no more than forty-five (45) days for continuing violations.

[D]: Liquidated damages in this category **[D]** may only be assessed for the immediately preceding audit cycle and City must provide Contractor with notice of any violation within sixty (60) days of Contractor's submission of an annual compliance audit pursuant to Appendix A, Section 12.6.

15.3 Staffing

If Contractor fails to comply with the following staffing requirements set out in the Agreement, excluding requirements related to subcontractors, City may collect damages of $250 per occurrence, not to exceed $1,000 per day for each day that the required staff is not on duty, and $250 for each eight (8) hour training session per individual that is not provided as required by the Agreement. Requirements that are subject to this subsection include:

(1) Failure to provide required staffing at Central Dispatch (§ 1.2) **[B]**

(2) Failure to adhere to the window staffing requirements (§ 5.1(iii)) **[B]**

(3) Failure to have a Customer Service Representative on duty during designated hours (§ 5.1(iii)) **[B]**

(4) Failure to comply with the minimum training standards (§ 8.3) **[D]**

(5) Failure of a manager to be available (§ 8.7) **[B]**

15.4 Subcontracting

If Contractor fails to comply with the following requirements for the use of subcontractors as set out in the Agreement, not including equipment and communication requirements related to subcontractors, City may collect damages in the amounts specified below:

(1) Failure to include the requirement that subcontractors hold current Tow Car and Tow Firm permits in subcontracts and to check compliance at the time of executing the subcontract. (§ 8.2(d)): $500 per occurrence **[D]**

(2) Failure to perform quarterly audits of permits and license status of Tow Car operators (§ 8.2(c)): $500 per occurrence **[D]**

(3) Violation of the uniform requirements (§ 8. 2(e)): $100 per occurrence **[B]**

15.5 Equipment

If Contractor fails to comply with the following requirements for Tow Equipment set out in the Agreement, City may collect damages in the amounts specified below:

(1) Failure to provide two (2) dedicated telephone lines for more than an hour in a twenty-four (24) hour period within thirty (30) days of Effective Date of Agreement and every day thereafter (§ 1.3(a)): $500 per day **[B]**

(2) Failure to provide functional recording system and to store recordings for 120 days or longer time as required by City (§ 1.3(b)): $500 per day **[C]**

(3) Failure to provide Tow Cars at site of tow with appropriate equipment (§9.1): $250 per tow **[B]**

(4) Failure to have GPS tracking system in place in accordance with specified time limits and with all required software licenses in place for required GPS functionality (§ 9.2): $500 per day of delay **[B]**

(5) Failure of the GPS to operate ninety-seven percent (97%) of the time during a monthly reporting period (§ 9.2): $500 per occurrence **[D]**

(6) Failure to provide radios (§ 9.3): $150 per reported occurrence **[B]**

(7) Failure to provide the required hardware, software, and data lines to create and store electronic tow inventory slips within ninety (90) days of the Effective Date (§ 9.6): $500 per day for each day of delay **[B]**

(8) Failure to maintain adequate security in accordance with the Security Plan (§ 11.3): $250 per occurrence, as defined in the Security Plan **[D]**

(9) Failure to maintain standards and connections required for computer hardware and software system within specified time limits (§ 10): $500 per day delayed **[B]**

(10) Failure to have handheld device solution in place as required (§ 10.5): $500 per day of delay **[B]**

(11) Failure of the handheld device solution to operate ninety-seven percent (97%) of the time during a monthly reporting period (§ 10.5): $500 per occurrence **[D]**

(12) Failure to have IVR Telephone system in place within sixty (60) days of Effective Date (§ 6.3): $500 per day delay **[B]**

15.6 Response Times

If Contractor fails to comply with the following response times or deadlines set forth in the Agreement City may collect damages in the amounts specified below:

(1) Failure to answer call within six (6) rings (§ 1.2): $150 per call **[B]**

(2) Failure to enter data into tow database within specified time limits ninety percent (90%) of the time (§ 3.1): $500 per audit period in which the ninety percent (90%) goal is not met, plus $250 for each additional percentage point by which Contractor fails to meet the ninety (90%) percent goal **[D]**

(3) Failure to respond to a Scheduled or Dispatch Tow within the designated time requirements, including any approved extension of time (§ 2.1(a)): $100 per occurrence for each twenty (20) minute period or portion thereof but not to exceed $500 per each Tow Request **[B]**

(4) Failure to respond to an Expedited Tow request within the designated time requirements, including any approved City approved time extension (§ 2.2): $500 per occurrence **[B]**

(5) Failure to respond to a request for a Regional Sweep at the agreed upon start time and location (§ 2.3): $100 credit for each twenty (20) minute period or portion thereof, not to exceed $500 per Tow Car operator assigned **[B]**

15.7 Record Keeping and Reporting Requirements

If Contractor fails to meet reporting and record keeping requirements listed below, City may collect damages in the following amounts:

(1) Failure to submit any report required by Section 13 or maintain any record required by this Agreement: $50 per day for each day that the record is not provided or maintained or the required report is overdue, not to exceed $250 per month per report. City agrees to notify Contractor if City becomes aware of any report required by Section 13 of this Appendix A that is overdue. **[B]**

(2) Failure to provide audio records within twenty-four (24) hours of City's request (§ 1.3(b)): $50 per day for each day that the record is not provided. **[C]**

(3) Failure to furnish audit or waiver (authorizing DMV to release audits of Contractor) to the City within specified time limits (§ 12.6): $100 per day **[C]**

(4) Failure to submit copies of subcontractor agreements with required proof of insurance documents within five (5) days of the Effective Date of Agreement, or failure to submit subcontract amendments within five (5) days of any such amendments (§ 8.2(a)): $100 per day per subcontract, up to $3,000 per month for all subcontracts **[D]**

(5) Failure to notify the City prior to additions and deletions of towing subcontractor (§ 8.2(a)): $500 per occurrence **[D]**

(6) Failure to comply with notice requirements for any personnel changes within specified time limits (§ 8.6): $100 per occurrence **[D]**

(7) Failure to notify the Contract Monitor of an auction at least three (3) days prior to any auction, as specified, or to provide said Contract Monitor with the report information requested (§ 8.8(b)) $100 per occurrence **[B]**

(8) Failure to enter a towed vehicle record within three (3) days of the date of the tow (§ 10): $100 per towed vehicle **[A]**

(9) Failure to maintain the functionality of the TVMS ninety-nine percent (99%) of the time during a monthly reporting period as specified (§ 10.3): $500 per monthly reporting period in which the ninety-nine percent (99%) goal is not met, plus $250 for each additional percentage point by which Contractor fails to meet the ninety-nine (99%) percent goal **[B]**

(10) Failure to print and distribute receipts and notices as required by the City or any local, state or federal laws (§§ 6.6, 7.3): $250 per occurrence **[D]**

15.8 Plan Submittals

If Contractor fails to submit any element of the Operations Plan in accordance with the requirements of this Agreement and the deadlines for initial document submittals and revisions set forth in Section 14, Appendix A of this Agreement, City may collect damages of $250 per day for each day that the Operations Plan element is overdue. **[B]**

15.9 Customer Service Standards

If Contractor fails to meet the following Customer service standards as defined in the Agreement City may collect damages in the amounts specified below:

(1) Failure to have functional internet site elements implemented within specified time limits (§ 5.1(d), 6.4): $500 per day delay **[B]**

(2) Failure to keep internet site functional for public and City use at least ninety-seven percent (97%) of the time during a monthly reporting period between the hours of 6:00 a.m. and 12:00 a.m. (§§ 5.1(d), 6.4): $250 per month in which the ninety-seven percent (97%) goal is not met, plus $250 for each additional percentage point by which Contractor fails to meet the ninety-seven percent (97%) goal **[D]**

(3) Failure to accept the specified forms of payment (§ 6.1): $500 per occurrence **[D]**

(4) Failure to accept a payment of Citation fees for vehicles that have not been towed (§ 6.2(c)): $100 per transaction **[D]**

(5) Failure to have information available to the public as required, or as required by any local, state or federal laws (§ 5.3): $250 per posting requirement per day **[B]**

(6) Failure to meet the standards for telephone operator response time (§ 5.1(b)): $100 per occurrence **[B]**

(7) Failure to respond to a Customer Complaint within seven (7) days, or a Customer Claim within fourteen (14) days (§ 5.2): $100 per day for each day delayed **[B]**

(8) Failure to release a vehicle to Customer's possession within one (1) hour of a Customer's compliance with all requirements for vehicle release (§ 5.1(c), 4.4): $100 per occurrence, $50 credit to Customer per hour/fraction of hour of delay, not to exceed $45,000 per audit cycle **[D]**

(9) Failure to provide free shuttle service, one-way taxi fare or vehicle retrieval service (§ 4.4): $250 per occurrence, not to exceed $45,000 per audit cycle **[D]**

(10) Failure to provide hotline service for technical assistance to City. (§§ 9.6, 10.3): $200 per day **[B]**

(11) Failure to have remote electronic access tow inventory slip information available to City for more than one (1) day (§ 9.6): $200 per day **[B]**

(12) At any time following the implementation of the IVR system, failure of the IVR system to function three percent (3%) of the time from 6:00 a.m. to 12:00 a.m. during a monthly reporting period (§ 6.3): $250 per occurrence $250 per month in which the ninety-seven percent (97%) goal is not met, plus $250 for each additional percentage point by which Contractor fails to meet the ninety-seven percent (97%) goal **[D]**

15.10 Vehicle Handling Requirements

If Contractor fails to meet the following vehicle intake or handling requirements set forth in the Agreement City may collect damages in the amounts specified below:

(1) Contractor's failure to drop a vehicle when instructed to do so by the City officer present at the scene of the tow (§ 4.2): $500 per occurrence **[B]**

(2) Failure to provide Courtesy Tow or roadside assistance services to DPT or SFPD vehicles (§ 2.4): $100 per occurrence plus reimbursement of any expense associated with City's procurement of towing or roadside assistance services for vehicles subject to Courtesy Tows **[B]**

(3) Failure to hold a vehicle with Delinquent Citations that have been assessed penalties (§ 6.2(b)): an amount equal to the total amount of Delinquent Citations owed but not collected, plus $100 **[D]**

(4) Failure to visually inspect impounded vehicles and collect or confirm VIN within specified deadlines (§ 3.3(a)): $500 per occurrence, not to exceed $45,000 per audit cycle **[D]**

(5) Failure to notify the SFPD within specified time limits of any impounded vehicles in its possession where the license plate and the VIN do not match (§ 3.3(a)): $500 per occurrence **[D]**

(6) Failure to hold weekly lien sale auctions (§ 7.2): $1,000 per occurrence **[B]**

(7) If Contractor releases, sells or disposes of any vehicle in violation of the requirements of the Vehicle Code, or otherwise loses possession of or is unable to locate within its possession a vehicle that it has towed under this Agreement and if City directs Contractor to resolve a Claim after sixty (60) days by paying blue book value of the vehicle to the owner (§ 4.1): $1,000 per occurrence **[A]**

(8) Failure to provide City with information to update CTMS with information on intake or release of vehicles within specified time limits (§9.5): $150 per day that release information is not provided, and $20 for each one (1) hour period that intake information is not provided, not to exceed $100 per towed vehicle, not to exceed $45,000 per year **[B]**

(9) Failure to maintain accurate personal property inventory in accordance with Personal Property Plan (§ 11.4): $250 per occurrence as defined in the Personal Property Plan, not to exceed $45,000 per audit cycle **[D]**

(10) Failure to provide adequate security for personal property removed from towed vehicle (§ 11.4): $500 per occurrence as defined in the Personal Property Plan **[D]**

(11) Failure to provide secured Police Hold storage facility as specified (§ 4.6(a)): $1000 per day **[A]**

(12) Failure to remove vehicle from Secondary Storage Facility within one (1) week of sale (§ 11.5): current daily storage fee per vehicle per day **[B]**

15.11 Financial Obligations

If Contractor fails to meet the following financial obligations set forth in the Agreement City may collect damages in the amounts specified below:

(1) Failure to reimburse the City within five (5) days of the due date for the cost of the Contract Monitor (§ 8.8): $50 per day **[B]**

(2) Failure to reimburse the City within five (5) days of the due date for the cost of a City-appointed vehicle auctioneer (§ 8.9): $50 per day **[B]**

(3) Failure to deposit Referral Fee within specified time limits (§ 12.1(a), § 12.1(g)): $100 per day of delay in depositing fee **[B]**

(4) Failure to deposit percentage fee within specified time limits (§ 12.1(b)): $100 per day of delay in depositing fee, beginning on the fifteenth (15^{th}) month after the Effective Date of the Agreement **[B]**

(5) Failure to deposit DPT Administrative Fee within specified time limits (§ 12.1(c), § 12.1(g): $100 per day of delay in depositing fee **[B]**

(6) Failure to pay balance due within ten (10) days of receiving bill from City (§ 12.5): $100 for each day of delay in paying billed amount **[B]**

(7) Failure to collect any Mandatory Fee due to internet site or IVR system errors (§§ 6.3, 6.4): amount of uncollected Mandatory Fees due to the City which have not been assessed as liquidated damages pursuant to another subsection of this Section 15 **[D]**

(8) Failure to deposit all or any part of collected funds not identified in any other paragraph of this Section 15.11 within specified time limits (§12.1(g)): $500 per day delayed **[B]**

(9) Failure to maintain minimum balance in Claims Fund (Master Agreement § 12.4): $500 per day that balance is below minimum requirement **[D]**

(10) Failure to maintain minimum balance in Maintenance Deposit (Master Agreement § 12.3): ten percent (10%) APR or the maximum allowed by California law, whichever is greater, per day that balance is below minimum requirement, paid on the deficiency **[D]**

Exhibit 3
List of Holdover Vehicles

Vehicle ID	Account	TR #	Hold	Status	License	Make
1726957	SFPDX	20160327A0050	BAYVIEW	STORED	DP097ED	INFINITI
1726367	SFPDX	20160326A0039	HOMICIDE	STORED	7CWV934	HYUNDAI
1725316	SFPDX	20160325A0008	INGLESIDE	STORED	7RHD949	FORD
1724999	SFPDX	20160324A0060	HOMICIDE	STORED	NO PLATE	HYUNDAI
1722757	SFPDX	20160322A0001	MISSION	STORED	6DIF692	KIA
1719509	SFPDX	20160317A0042	GTF	STORED	7PDR985	MERCEDES
1719393	SFDPTX	20160317A0032	AR MGMT	STORED	572NBG	DODGE
1715178	SFPDX	20160314A0103	GTF	STORED	7PZR649	FORD
1713915	SFPDX	20160313A0006	TCIU	STORED	6FAB779	DODGE
1711169	SFPDX	20160309A0053	BAYVIEW	STORED	BJA6708	SUBARU
1704788	SFDPTX	20160301A0028		STORED	5ZSE966	MERCEDES
1701530	SFPDX	20160225A0066	SEX CRIMES	STORED	6FKN655	HYUNDAI
1686774	SFDPTX	20160205A0090		STORED	NO PLATE	VOLKSWAGEN
1686458	SFPDX	20160205A0024	BAYVIEW	STORED	NO PLATE	NISSAN
1682588	SFPDX	20160131A0001	SOUTHERN	STORED	7LOA488	MERCURY
1680394	SFPDX	20160128A0014	SEX CRIMES	STORED	5XCS848	DODGE
1673233	SFPDX	20160119A0003	HOMICIDE	STORED	NO PLATE	NISSAN
1666793	SFPDX	20160110A0008	HOMICIDE	STORED	7JOT111	INFINITI
1665987	SFPDX	20160108A0068	TCIU	STORED	3LYE040	HONDA
1663288	SFDPTX	20160105A0032	AR MGMT	STORED	7S45705	ISUZU
1659068	SFPDX	20151229A0046		STORED	7JOC009	INFINITI
1657331	SFPDX	20151226A0043	MISSION	STORED	6YNL411	HYUNDAI
1651533	SFPDX	20151217A0030	HOMICIDE	STORED	7FKC491	FORD
1649061	SFPDX	20151214A0042	TCIU	STORED	6VBC469	TOYOTA
1643933	SFPDX	20151207A0087	GTF	STORED	5WUN601	PONTIAC
1643067	SFPDX	20151206A0056		STORED	7EWC141	VOLKSWAGEN
1640001	SFPDX	20151202A0043	BAYVIEW	STORED	3MMU981	ACURA
1639303	SFPDX	20151201A0060	BAYVIEW	STORED	NO PLATE	DODGE
1637724	SFPDX	20151129A0009	IAD	STORED	6JQD391	DODGE
1633485	SFPDX	20151121A0070		STORED	6MLY141	CHEVROLET
1633388	SFPDX	20151121A0054	TCIU	STORED	4M56345	MAZDA
1632824	SFPDX	20151120A0079	HOMICIDE	STORED	2PJY210	HONDA
1632811	SFPDX	20151120A0077	HOMICIDE	STORED	4HQP409	HONDA
1627936	SFPDX	20151113A0083	TCIU	STORED	18S3395	HARLEY - DAVIDSON
1624936	SFPDX	20151109A0050	SOUTHERN	STORED	4CUT691	FORD
1621416	SFDPTX	20151104M0021	OPPOSITION	STORED	4ZRD229	HONDA
1618865	SFPDX	20151031A0054	TARAVAL	STORED	6HQG950	INFINITI
1618363	SFPDX	20151030A0084	HOMICIDE	STORED	6ERD914	NISSAN
1612628	SFDPTX	20151022M0034	OPPOSITION	STORED	NO PLATE	CHEVROLET
1608948	SFPDX	20151017A0019	TCIU	STORED	NO PLATE	MAZDA
1599997	SFPDX	20151005A0004	NIV	STORED	5CQW407	BMW
1596732	SFPDX	20150930A0043	TCIU	STORED	6X09210	FORD
1596321	SFPDX	20150930A0004	HOMICIDE	STORED	7AAT111	LEXUS
1595457	SFPDX	20150929A0002	NIV	STORED	7BUY144	BMW
1595338	SFPDX	20150928A0104		STORED	7MDS397	ACURA
1593229	SFPDX	20150925A0035	TCIU	STORED	7KWW158	PONTIAC
1592344	SFPDX	20150924M0026	GTF	STORED	7DXY546	HYUNDAI
1590585	SFPDX	20150922A0009	BAYVIEW	STORED	4KBR873	MERCURY

1586552	SFPDX	20150915M0030	GTF	STORED	7HWD692	JEEP
1586114	SFPDX	20150914A0078	GTF	STORED	6CMD408	LEXUS
1579286	SFDPTX	20150902M0021	OPPOSITION	STORED	5JBG223	ACURA
1576273	SFPDX	20150827A0027	HOMICIDE	STORED	32879M1	CHEVROLET
1575247	SFPDX	20150825A0043	NIV	STORED	6MKG092	CADILLAC
1571163	SFPDX	20150817A0072	OPPOSITION	STORED	664UWJ	OTHER-NOT IN LIST
1562049	SFPDX	20150730A0052	HOMICIDE	STORED	6XQH381	GMC
1561856	SFPDX	20150730A0023	HOMICIDE	STORED	3VWY823	HONDA
1561529	SFPDX	20150729A0048	TCIU	STORED	BGT3948	MERCURY
1560735	SFDPTX	20150728M0026	OPPOSITION	STORED	57860H1	CHEVROLET
1560949	SFPDX	20150728A0052	INGLESIDE	STORED	5FJS165	CHEVROLET
1560390	SFPDX	20150727A0043	NIV	STORED	4YZN350	BMW
1555861	SFPDX	20150718A0030	SEX CRIMES	STORED	21X1416	SUZUKI
1547753	SFPDX	20150701A0073	TCIU	STORED	21N1727	DUCATI
1540889	SFDPTX	20150617A0068	DMV	STORED	WMZ9022	DODGE
1540257	SFPDX	20150616A0067	TCIU	STORED	4AUK117	LEXUS
1533325	SFPDX	20150603A0007	BAYVIEW	STORED	4TSC924	HONDA
1532606	SFPDX	20150601A0067	BAYVIEW	STORED	426HBE	CHRYSLER
1532609	SFPDX	20150601A0066	BAYVIEW	STORED	6TYT684	CADILLAC
1528745	SFPDX	20150525A0003	INGLESIDE	STORED	4KBF505	HONDA
1528529	SFPDX	20150524A0023	HOMICIDE	STORED	4UBL685	INFINITI
1528286	SFPDX	20150523A0061	HOMICIDE	STORED	4ANS693	NISSAN
1525226	SFPDX	20150517A0068	SEX CRIMES	STORED	5BDG387	LEXUS
1521730	SFPDX	20150511A0003	TCIU	STORED	5GRS282	SUBARU
1521162	SFPDX	20150509A0035	INGLESIDE	STORED	7KBP387	MAZDA
1519071	AR	20150505M0037		STORED	NO PLATE	NISSAN
1517672	SFPDX	20150502A0027	HOMICIDE	STORED	7ABE296	FORD
1507342	SFPDX	20150411A0005	HOMICIDE	STORED	7BLS700	TOYOTA
1507082	SFPDX	20150410A0047	HOMICIDE	STORED	5WZU459	FORD
1492244	SFPDX	20150311A0002	HOMICIDE	STORED	7FHV661	DODGE
1491389	SFPDX	20150309A0047	HOMICIDE	STORED	4UUF269	CHEVROLET
1487201	SFPDX	20150228A0055	OPPOSITION	STORED	7Y67206	FORD
1486633	SFPDX	20150227A0031	INGLESIDE	STORED	7HVS502	BMW
1486177	SFPDX	20150226A0043	OPPOSITION	STORED	3RSW156	CHEVROLET
1476002	SFPDX	20150205A0015	HOMICIDE	STORED	2ZAD982	TOYOTA
1471922	SFPDX	20150128A0003	INGLESIDE	STORED	7JFE754	INFINITI
1471720	SFPDX	20150127A0050	INGLESIDE	STORED	5SOA957	ACURA
1471681	SFPDX	20150127A0044	INGLESIDE	STORED	6NZS181	LEXUS
1468443	SFPDX	20150120A0094	HOMICIDE	STORED	4XUD312	NISSAN
1466343	SFDPTX	20150116M0023	OPPOSITION	STORED	645YUM	BMW
1465018	SFPDX	20150113A0065	HOMICIDE	STORED	7GSH564	HYUNDAI
1463374	SFPDX	20150110A0001	HOMICIDE	STORED	5RPB384	HONDA
1461060	SFPDX	20150105A0074	TCIU	STORED	6ZDM346	FORD
1460945	SFPDX	20150105A0058	INGLESIDE	STORED	5TWN660	TOYOTA
1453498	SFPDX	20141217A0070	DVRU	STORED	3BHA482	INFINITI
1448271	SFPDX	20141207A0006	HOMICIDE	STORED	7HEU534	LEXUS
1446365	SFPDX	20141203A0030	HOMICIDE	STORED	4PMJ792	ACURA
1445783	SFPDX	20141202A0025	HOMICIDE	STORED	NO PLATE	AUDI
1445027	SFDPTX	20141201M0006	DMV	STORED	7D07607	FORD
1439177	SFDPTX	20141117M0032	OPPOSITION	STORED	7DIB390	DODGE
1438313	SFPDX	20141114A0095	OPPOSITION	STORED	NO PLATE	TOYOTA
1437914	SFPDX	20141114A0037	HOMICIDE	STORED	4JNA617	DODGE
1434399	SFDPTX	20141107M0032	OPPOSITION	STORED	5LGZ019	BMW
1434183	SFPDX	20141106A0090	HOMICIDE	STORED	7GQH245	MERCEDES
1433322	SFPDX	20141105A0029	OPPOSITION	STORED	3HJR269	HONDA

1432413	SFPDX	20141103A0086	OPPOSITION	STORED	6KMV246	MAZDA
1431475	SFPDX	20141101A0050	HOMICIDE	STORED	3VWG635	ACURA
1422198	SFPDX	20141014A0003	TCIU	STORED	DP800FL	JEEP
1418101	SFPDX	20141005A0052	HOMICIDE	STORED	6PWX959	LEXUS
1418100	SFPDX	20141005A0051	HOMICIDE	STORED	4LPW224	FORD
1412466	SFDPTX	20140924M0039	OPPOSITION	STORED	2WOK039	GEO
1409000	SFDPTX	20140917M0025	OPPOSITION	STORED	7V93862	FORD
1400594	SFPDX	20140831A0029	OPPOSITION	STORED	4KXT928	HONDA
1399544	SFPDX	20140829A0008	SEX CRIMES	STORED	4TKF573	GMC
1390278	SFPDX	20140810A0078	HOMICIDE	STORED	NO PLATE	HONDA
1390276	SFPDX	20140810A0077	HOMICIDE	STORED	NO PLATE	HONDA
1383745	SFPDX	20140729A0003	TCIU	STORED	5YEJ370	DODGE
1381411	SFPDX	20140724A0004	HOMICIDE	STORED	5SEV416	HONDA
1380337	SFPDX	20140722A0008	HOMICIDE	STORED	7AWL093	BUICK
1379123	SFPDX	20140719A0025	OPPOSITION	STORED	6LCF760	SATURN
1373152	SFPDX	20140707A0047	HOMICIDE	STORED	7FHV540	DODGE
1371369	SFDPTX	20140703A0040	OPPOSITION	STORED	4YUE247	BMW
1362042	SFPDX	20140615A0003	HOMICIDE	STORED	3NJL591	LEXUS
1361041	SFPDX	20140613A0004	ARSON	STORED	6YLX769	HONDA
1353916	SFDPTX	20140530M0016	OPPOSITION	STORED	6FBJ369	HONDA
1344818	SFPDX	20140513A0023	TCIU	STORED	5ZAR478	PONTIAC
1341825	SFPDX	20140506A0052	SEX CRIMES	STORED	5AAV051	CADILLAC
1340297	SFPDX	20140503A0004	TCIU	STORED	3VWK588	TOYOTA
1340296	SFPDX	20140503A0003	TCIU	STORED	5TDA112	INFINITI
1339538	SFPDX	20140501A0065	OPPOSITION	STORED	4KHH658	ACURA
1333496	SFPDX	20140419A0002	TCIU	STORED	6WQF956	ACURA
1332887	SFPDX	20140417A0048	MISSION	STORED	3FJU899	TOYOTA
1321842	SFDPTX	20140325A0045	OPPOSITION	STORED	6DUL421	VOLKSWAGEN
1318784	SFPDX	20140319A0016	HOMICIDE	STORED	5KYX280	KIA
1316036	SFPDX	20140313A0018	MISSION	STORED	2EZV381	ITASCA
1314737	SFPDX	20140310A0054	HOMICIDE	STORED	5JGC794	NISSAN
1297896	SFPDX	20140204A0044	HOMICIDE	STORED	4NFM704	SAAB
1297884	SFPDX	20140204A0040	TCIU	STORED	4CYT807	TOYOTA
1281534	SFPDX	20131231A0070	TCIU	STORED	6MVX000	HONDA
1274623	SFPDX	20131215A0023	OPPOSITION	STORED	5KEE432	BMW
1271290	SFPDX	20131208A0060	OPPOSITION	STORED	6HBG146	JEEP
1267768	SFPDX	20131201A0037	HOMICIDE	STORED	6ZTH307	KIA
1266246	SFPDX	20131126A0055		STORED	6VDL168	FORD
1261737	SFPDX	20131117A0007	HOMICIDE	STORED	7DDW479	PONTIAC
1256671	SFPDX	20131106A0008	HOMICIDE	STORED	3TCA205	TOYOTA
1246900	SFPDX	20131017A0031	HOMICIDE	STORED	7AQT023	HYUNDAI
1237449	SFPDX	20130927A0034	TCIU	STORED	5WFR795	MERCEDES
1237456	SFPDX	20130927A0032	TCIU	STORED	4CDX304	CHEVROLET
1236123	SFPDX	20130925A0003	HOMICIDE	STORED	4GXK057	NISSAN
1224866	SFPDX	20130902A0018	OPPOSITION	STORED	7BJN029	CHEVROLET
1220977	SFPDX	20130824A0075	HOMICIDE	STORED	6ZTL893	NISSAN
1220598	SFPDX	20130823A0065	HOMICIDE	STORED	6ZMZ687	NISSAN
1213895	SFDPTX	20130813M0097	OPPOSITION	STORED	18W2188	KAWASAKI
1200766	SFPDX	20130713A0020	HOMICIDE	STORED	6MXT883	OLDSMOBILE
1193061	SFPDX	20130624A0036	HOMICIDE	STORED	6ZWB912	FORD
1192825	SFPDX	20130623A0031	BAYVIEW	STORED	5LOM545	FORD
1185838	SFPDX	20130530A0026	HOMICIDE	STORED	5CPW692	VOLVO
1178714	SFPDX	20130505A0047	GTF	STORED	5LVS788	CHRYSLER
1175658	SFPDX	20130424A0052	HOMICIDE	STORED	6WLK500	TOYOTA
1169604	SFPDX	20130403M0018	HOMICIDE	STORED	6VES217	TOYOTA

1168888	SFPDX	20130331A0033	OPPOSITION	STORED	6ZEA178	FORD
1166220	SFDPTX	20130321M0022	OPPOSITION	STORED	4MSE939	NISSAN
1165497	SFPDX	20130318A0051	HOMICIDE	STORED	4UOK085	ACURA
1157124	SFPDX	20130215A0001	HOMICIDE	STORED	1ZZW815	LINCOLN
1145679	SFPDX	20130103A0003	SEX CRIMES	STORED	8W89871	TOYOTA
1145306	SFPDX	20130101A0026	HOMICIDE	STORED	6PFA648	CHEVROLET
1145305	SFPDX	20130101A0025	HOMICIDE	STORED	5VDC841	TOYOTA
1143042	SFPDX	20121221A0043	HOMICIDE	STORED	6WAK717	CHEVROLET
1142837	SFPDX	20121220A0060	OPPOSITION	STORED	NO PLATE	HONDA
1140943	SFPDX	20121213M0127	HOMICIDE	STORED	6TNA643	CHEVROLET
1139881	SFPDX	20121210A0059	HOMICIDE	STORED	6YBC183	GMC
1139876	SFPDX	20121210A0058	HOMICIDE	STORED	4UNC374	CHEVROLET
1127893	SFPDX	20121025A0068	HOMICIDE	STORED	3NTZ778	GMC
1122177	SFPDX	20121007A0011	HOMICIDE	STORED	6UNA837	MERCEDES
1112466	SFDPTX	20120904A0033	OPPOSITION	STORED	NO PLATE	DODGE
1110231	SFPDX	20120827A0006	NIV	STORED	4KSD671	JEEP
1105658	SFPDX	20120811A0078	TCIU	STORED	8X99555	DODGE
1102068	SFPDX	20120730A0074	DMV	STORED	NO PLATE	KAWASAKI
1097446	SFPDX	20120714A0073	HOMICIDE	STORED	5WHY384	PONTIAC
1094577	SFPDX	20120704A0023	DMV	STORED	NO PLATE	FORD
1088783	SFPDX	20120614A0001	HOMICIDE	STORED	SEXILXY	LEXUS
1087460	SFPDX	20120609A0017	HOMICIDE	STORED	5ZIM634	LINCOLN
1085795	SFPDX	20120604A0008	HOMICIDE	STORED	5PIT150	TOYOTA
1072801	SFPDX	20120420A0073	DMV	STORED	14R4308	SUZUKI
1065072	SFPDX	20120324A0021	HOMICIDE	STORED	6KMX858	MITSUBISHI
1064608	SFPDX	20120322A0041	TCIU	STORED	90811D1	DODGE
1062701	SFDPTX	20120316M0008	OPPOSITION	STORED	6KFX096	CHRYSLER
1060941	SFPDX	20120309A0101	HOMICIDE	STORED	6PUJ233	GMC
1057355	SFPDX	20120226A0018	TCIU	STORED	GRAND21	LINCOLN
1054198	SFPDX	20120214A0072	HOMICIDE	STORED	3NUP544	INFINITI
1039214	SFPDX	20111221A0053	HOMICIDE	STORED	CRETIV	JAGUAR
1035775	SFPDX	20111209A0079	OPPOSITION	STORED	7U11548	ISUZU
1028693	SFDPTX	20111114A0049	DMV	STORED	4KW6520	TRAILER-GENERIC
1027495	SFPDX	20111109A0043	OPPOSITION	STORED	6NZT434	LEXUS
1020721	SFPDX	20111018M0023	SID	STORED	3VZG405	CADILLAC
1005094	SFPDX	20110822A0047	OPPOSITION	STORED	5GLH796	HYUNDAI
1001322	SFPDX	1108021021	HOMICIDE	STORED	4KUC615	MERCEDES
1000966	SFPDX	1106291047	HOMICIDE	STORED	5TVH725	HONDA
1000483	SFPDX	1106291012	NIV	STORED	3HOL469	DODGE
1001249	SFPDX	1105151053	HOMICIDE	STORED	1ZZT732	LINCOLN
1000272	SFDPTX	1105050081	OPPOSITION	STORED	3V28792	CHEVROLET
1001822	SFPDX	1104121046	HOMICIDE	STORED	2ZDL565	TOYOTA
1001856	SFPDX	1102281068	HOMICIDE	STORED	6GPP860	TOYOTA
1000011	SFPDX	1102261085	HOMICIDE	STORED	6CGG572	ACURA
1001620	SFPDX	1101241002	HOMICIDE	STORED	4SYG546	PONTIAC
1000535	SFPDX	1009241052	OPPOSITION	STORED	7622RDP	DODGE
1000543	SFDPTX	1007151071	OPPOSITION	STORED	6BUP586	DODGE
1000081	SFPDX	1005041051	OPPOSITION	STORED	4EJC255	BMW
1000413	SFPDX	1004140197	HOMICIDE	STORED	NO PLATE	CHRYSLER
1001622	SFPDX	1003181057	HOMICIDE	STORED	6LAM546	PONTIAC
1002005	SFPDX	1002241002	DMV	STORED	NO PLATE	VOLVO
1002022	SFPDX	912041035	AR MGMT	STORED	NO PLATE	YAMAHA
1001935	SFPDX	912041029	AR MGMT	STORED	4HT6623	TRAILER-GENERIC
1000215	SFPDX	911301014	HOMICIDE	STORED	2JWS122	CADILLAC
1001301	SFPDX	910311063	HOMICIDE	STORED	2GXU710	MAZDA

1000937	SFPDX	910041031	HOMICIDE	STORED	5HZC881	HONDA
1001413	SFPDX	910041012	HOMICIDE	STORED	6HFA399	NISSAN
1000182	SFPDX	907161098	HOMICIDE	STORED	2SET317	CADILLAC
1000737	SFPDX	907091069	HOMICIDE	STORED	5MNM077	FORD
1000375	SFPDX	906171008	HOMICIDE	STORED	727JEP	CHEVROLET
1000735	SFPDX	903301128	OPPOSITION	STORED	OSH703	FORD
1001386	SFDPTX	903260134	OPPOSITION	STORED	6DEA782	NISSAN
1001636	SFPDX	902241004	HOMICIDE	STORED	6BQB322	PONTIAC
1000472	SFPDX	810111016	HOMICIDE	STORED	3TFE594	DODGE
1000442	SFPDX	810111012	HOMICIDE	STORED	NO PLATE	DODGE
1000705	SFDPTX	807300115	DMV	STORED	7N49558	FORD
1002018	SFPDX	807191107	HOMICIDE	STORED	18W8443	YAMAHA
1000405	SFPDX	806251000	HOMICIDE	STORED	5SCZ555	CHRYSLER
1001007	SFPDX	806221071	HOMICIDE	STORED	4NJH885	HONDA
1001369	SFPDX	806221048	HOMICIDE	STORED	NO PLATE	MITSUBISHI
1000652	SFPDX	805161032	HOMICIDE	STORED	5VZG403	FORD
1000706	SFPDX	804151080	HOMICIDE	STORED	8D65106	FORD
1000311	SFPDX	803210114	HOMICIDE	STORED	4HQL730	CHEVROLET
1000619	SFPDX	803111081	HOMICIDE	STORED	4PTU074	FORD
1001986	SFPDX	705031001	HOMICIDE	STORED	378VVG	VOLKSWAGEN
1001734	SFPDX	704161007	HOMICIDE	STORED	4UHA902	TOYOTA
1001920	SFPDX	703200009	HOMICIDE	STORED	3SDV553	TOYOTA
1001427	SFPDX	702150200	HOMICIDE	STORED	NO PLATE	NISSAN
1000498	SFPDX	607130055	HOMICIDE	STORED	NO PLATE	DODGE
1001084	SFPDX	607090034	HOMICIDE	STORED	4NWB873	HONDA
1001343	SFPDX	604040003	HOMICIDE	STORED	5JYD074	MERCURY
1001713	SFPDX	603290198	HOMICIDE	STORED	5FHD031	SUBARU
1000153	SFPDX	602040006	HOMICIDE	STORED	2ZOF138	BUICK
1001459	SFPDX	601220042	OPPOSITION	STORED	2MQJ611	NISSAN
1000910	SFPDX	510140250	HOMICIDE	STORED	NO PLATE	HONDA
1000321	SFPDX	510050080	HOMICIDE	STORED	4SME147	CHEVROLET
1001196	SFPDX	504300054	HOMICIDE	STORED	5FME132	LAND ROVER
1000618	SFPDX	502090214	HOMICIDE	STORED	NO PLATE	FORD
1000391	SFPDX	406300006		STORED	NO PLATES	CHEVROLET
1000757	SFPDX	405230084	HOMICIDE	STORED	6V40004	FORD
1000161	SFPDX	405200013	HOMICIDE	STORED	NO PLATE	BUICK
1000798	SFPDX	404290053	HOMICIDE	STORED	1RRN914	FORD
1000072	SFPDX	403221087	HOMICIDE	STORED	NO PLATE	AUDI
1000439	SFPDX	403221064	HOMICIDE	STORED	NO PLATE	DODGE
1001198	SFPDX	403221006	HOMICIDE	STORED	NO PLATE	LEXUS

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. 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.

2.3 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 <u>following</u> 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:

$$\frac{\text{Current index}}{\text{Base index}} \times \text{Current Fee Amount} = \text{Adjusted Fee Amount}$$

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 $600for 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** Edward D. Reiskin Director of Transportation Approved as to Form: Dennis J. Herrera City Attorney By: Isidro Jimenez Isidro Alarcón Jiménez Deputy City Attorney	**TEGSCO, dba San Francisco AutoReturn** **John Wicker** **CEO** 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	CONTRACTOR
San Francisco **Municipal Transportation Agency** **Jeffrey P. Tumlin** Director of Transportation San Francisco Municipal Transportation Agency Board of Directors Resolution No: 200216-023 Adopted: February 16, 2021 Attest: _____ Secretary, SFMTA Board of Directors Board of Supervisors Resolution No: 153-21 Adopted: April 13, 2021 Attest: _____ Clerk of the Board Approved as to Form: Dennis J. Herrera City Attorney By: _____ **Isidro Jimenez** Deputy City Attorney	**TEGSCO, LLC., dba San Francisco AutoReturn** **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 Contactor obtain a new supplier number with the City.

F. City and Contactor 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** Jeffrey P. Tumlin Director of Transportation Approved as to Form: David Chiu City Attorney By: Isidro Jimenez Isidro Jimenez Deputy City Attorney	**TEGSCO, LLC** Frank Mecklenburg CEO City Supplier Number: 48588

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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 Jeffrey P. Tumlin Director of Transportation Approved as to Form: David Chiu City Attorney By: Isidro Jimenez Isidro Jimenez Deputy City Attorney	TEGSCO, LLC Frank Mecklenburg CEO 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

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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.

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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);

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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;

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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 understating 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.

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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:
Susan Smith
A2226781A63E40E...

7/6/2021

Name: Susie Smith — Date
Title: Deputy Director, Policy and Planning
Agency Name: San Francisco Human Services Agency

DocuSigned by:
Noelle Simmons
FB6FD0240B6F490...

7/2/2021

Name: Noelle Simmons — Date
Title: Chief Deputy Director
Agency Name: San Francisco Homelessness and Supportive Housing

DocuSigned by:
A0ED8F5BCB3E4F6...

7/5/2021

Name: Jonathan Rewers — Date
Title: Chief Financial Officer
Agency Name: San Francisco Municipal Transportation Agency

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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."

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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** Jeffrey P. Tumlin Director of Transportation Approved as to Form: David Chiu City Attorney By: Isidro Jimenez **Isidro Jiménez** Deputy City Attorney	**TEGSCO, LLC** Frank Mecklenburg CEO City Supplier Number: **48588**

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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.

<table>
<tr><td>Expedited Tow</td><td>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.</td></tr>
<tr><td>Gross Vehicle Weight Rating (GVWR)</td><td>The weight of a towed vehicle.<table><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></td></tr>
<tr><td>Heavy Duty Tow</td><td>Vehicle towed that weights more than 26,000 lbs.</td></tr>
<tr><td>Interactive Voice Response (IVR) System</td><td>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.</td></tr>
<tr><td>Investigative Hold</td><td>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.</td></tr>
<tr><td>Lien 1 Vehicle</td><td>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.</td></tr>
</table>

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. 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. **I**n 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 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.

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 <u>does not</u> 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 Authorized By: Municipal Transportation Agency Board of Directors Resolution No: 220906-082 Adopted: September 6, 2022 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 Jimenez Isidro Jimenez Deputy City Attorney	**TEGSCO, LLC** Frank Mecklenburg Frank Mecklenburg CEO City Supplier Number: **48588**

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Appendices:
Appendix B – Calculation of Charges

AMENDED IN COMMITTEE
10/19/2022

FILE NO. 220974 RESOLUTION NO. 447-22

[Contract Amendment - TEGSCO, LLC - Vehicle Towing, Storage, and Disposal Services for Abandoned and Illegally-Parked Vehicles - Not to Exceed $121,400,000]

Resolution approving the seventh amendment to the contract between the Municipal Transportation Agency and TEGSCO, LLC, for services related to the towing, storage, and disposal of abandoned and illegally parked vehicles, to increase the contract amount by approximately $33,200,000 for a total contract amount not to exceed $121,400,000 for the balance of the second year and through March 2025, effective upon approval of this Resolution.

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

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

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

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

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

WHEREAS, As the City emerges from pandemic conditions, towing volumes and their corresponding costs have increased significantly faster than staff projected, leaving a shortfall of $7 million to fund the balance of the second year of the extended term; and

WHEREAS, The additional funds would fund the balance of the second year and part of the five-year extended term to March 2025, and increase total contract amount to $121,400,000for the full ten-year term; and

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

WHEREAS, The SFMTA's towing program provides essential services to the City; the towing program supports transit reliability and traffic safety by removing abandoned vehicles that pose potential safety hazards, and collecting vehicles that are involved in accidents or used in the commission of crimes; the towing program supports City parking regulations that are essential for keeping the streets safe and clean, and that help to maintain parking availability for merchants and residents; and

WHEREAS, Contractor continues to meet or exceed program requirements under the Contract; during the contract term, Contractor successfully negotiated three collective

bargaining agreements with Teamsters Local 665 since 2005 and continues to support this collaborative process; and Contractor consistently exceeds the 20% Local Business Enterprise subcontracting requirement, with current participation at 44%; and

WHEREAS, The SFMTA has committed to conduct a competitive procurement process for a successor contract before the end of the Contract's ten-year term in 2026, and has further committed that staff's reexamination of the SFMTA's towing policy will inform the request for proposals for such procurement; and

WHEREAS, The proposed amendment is on file with the Clerk of the Board of Supervisors in File No. 220974; now, therefore, be it

RESOLVED, That the Board of Supervisors authorizes the Director of Transportation of the SFMTA, on behalf of the City, to execute the seventh amendment to the contract between the SFMTA and TEGSCO, LLC, for services related to the towing, storage, and disposal of abandoned and illegally-parked vehicles, to increase the contract by approximately $33.2 million for a total amount not to exceed $121,400,000; and, be it

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

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

FURTHER RESOLVED, That the SFMTA will report quarterly, in writing, to the Board of Supervisors' Budget and Finance Committee on staff's progress on their reexamination of towing policy.

City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 220974 **Date Passed:** October 25, 2022

Resolution approving the seventh amendment to the contract between the Municipal Transportation Agency and TEGSCO, LLC, for services related to the towing, storage, and disposal of abandoned and illegally parked vehicles, to increase the contract amount by approximately $33,200,000 for a total contract amount not to exceed $121,400,000 for the balance of the second year and through March 2025, effective upon approval of this Resolution.

October 19, 2022 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

October 19, 2022 Budget and Finance Committee - RECOMMENDED AS AMENDED

October 25, 2022 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 220974

I hereby certify that the foregoing Resolution was ADOPTED on 10/25/2022 by the Board of Supervisors of the City and County of San Francisco.

Alisa Somera

f- Angela Calvillo
Clerk of the Board

London Breed

London N. Breed
Mayor

11/4/22

Date Approved

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** Jeffrey P. Tumlin Director of Transportation Approved as to Form: David Chiu City Attorney By: Isidro Jimenez Isidro Alarcón Jiménez Deputy City Attorney	**TEGSCO, LLC** Frank Mecklenburg Frank Mecklenburg CEO City Supplier Number: **48588**

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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:

$$\frac{\text{Current index}}{\text{Base index}} \times \text{current fee amount} = \text{adjusted fee amount}$$

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:

Description	Date Due	Quantity

Daniel Lurie, Mayor

Stephanie Cajina, Vice Chair
Mike Chen, Director
Steve Heminger, Director
Dominica Henderson, Director
Fiona Hinze, Director
Janet Tarlov, Director

Julie Kirschbaum, Acting Director of Transportation

January 14, 2025

The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Subject: Approval of spending authority for the remaining extension term of the towing agreement with TEGSCO, LLC.

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) respectfully requests that the Board of Supervisors approve the Ninth Amendment with TEGSCO, LLC, to approve spending authority for the balance of the five-year extension approved in 2021. The $15.3 million request will raise the not-to-exceed amount from $121.4 to $136.7 million to support the remainder of the 10-year term of the agreement. The requested spending authority will allow services to continue while the SFMTA develops and releases a Request for Proposals and conducts a competitive procurement process for a new contract to be awarded prior to the current agreement's expiration date of March 31, 2026.

The following summarizes the timeline for the agreement:

- In April 2016, the SFMTA executed Contract No. 2014-48 (Contract) with TEGSCO, LLC (TEGSCO), or towing and storage services for abandoned and illegally parked vehicles in San Francisco. The Contract's initial term was five years, totaling $65.4 million, with an option to extend for up to five additional years. A contract budget increase to cover the extension years was not requested at the time of contract award.
- In 2021, through the Contract's 3rd Amendment, the SFMTA exercised the five-year option, extending the term through March 21, 2026, and increased the contract amount by $22.8 million, to $88.2 million, to cover the first two years of the extension. The Request to cover spending for the last three years was deferred due to the COVID-19 emergency and to reassess the City's towing policy and funding needs as the City recovered from the pandemic.
- In 2022, SFMTA came back to the Board of Supervisors with the 7th Amendment to request spending authority for the remaining three years of the agreement for a not to exceed amount of $137.2 million; however, the Board reduced the Contract approval amount to $121.4 million, enough to support the extension for two of the three years, and requested that the Agency submit quarterly reports on any modifications to the existing tow program that might reduce costs, and to specifically report if there less expensive real estate options available for buying property for vehicle storage, customer service centers and auction facilities. The agency could then return to request spending authority for the final year of the agreement.

- On December 3, 2024, the MTA board approved the 9th Amendment, which would add $17 million to the not-to-exceed amount, for a total of $138.4 million. However, staff has since updated expense estimates, and have revised the spending request down to $15.3 million, for a total not-to-exceed amount of $136.7 million.
- Currently, the towing program, although operating on a cost-recovery basis through towing fees and lien sales; post-pandemic towing volume has not increased to pre-pandemic levels, and steady increases to policy-driven fee reductions and waivers for qualifying members of the public have resulted in a cost-recovery shortfall. Fee reduction and waivers include First-Time Tows, reimbursement for tow fees incurred for stolen vehicles, low-income fee reductions, and waivers for the unhoused.

Response to Board of Supervisors Inquiries
To address storage challenges and related costs, staff responded to the Board of Supervisors inquiries, SFMTA submitted a report in March 2023 analyzing current rental costs and exploring property purchase options for towed vehicle storage. Findings showed that current leases were below average market rates, with no comparable properties available for purchase in San Francisco or the immediate Bay Area; the closest option was in Pittsburg, CA, and alternative leases close enough for easy customer pickup were significantly higher than rates currently paid to Caltrans.

The SFMTA periodically inquired if the Board had additional requests for report submittals but did not receive any responses.

Upcoming Request for Proposals Process
The Ninth Amendment will increase the contract amount by $16.4 million, for a total of $137.8 million, to cover contract services from March 2025 to March 2026.

In preparation for the end of TEGSCO's contract after March 2026, staff are developing a Request for Proposals (RFP), with an estimated release in April 2025. After completing the competitive procurement process. The SFMTA will return to the Board of Supervisors in late Fall 2025 to discuss the overall status of the SFMTA Tow Program and request approval of a new towing agreement.

Thank you for your consideration of this item. If you have further questions, please contact Janet Martinsen at janet.martinsen@sfmta.com or 415.994.3143.

Sincerely,

Julie Kirschbaum
Acting Director of Transportation

Attachment: Tow Contract History

TOW CONTRACT HISTORY

TEGSCO, LLC, under contract by the SFMTA, oversees a network of towing subcontractors, coordinating vehicle tows across San Francisco to ensure efficient removal of abandoned and illegally parked vehicles, and vehicles towed for accidents or crime. Vendor scope includes operating a short-term storage and customer service facility on 7th Street with 24/7 access and managing a long-term storage site at 2650 Bayshore Boulevard. Additionally, TEGSCO organizes bi-weekly online and onsite lien sale auctions for unclaimed vehicles and handles customer interactions and payments for vehicle retrievals at both storage locations.

The City's towing program operates on a cost-recovery basis, following California Vehicle Code provisions that restrict local agency charges to covering only the actual administrative and operational costs of vehicle removal, impound, storage, and release. In line with these state-law guidelines, the City's program is structured to recoup necessary expenses, including enforcement, contract administration, and related program costs. To support equitable access, City policies provide fee waivers and reductions for qualifying low-income, unhoused, first-time towed customers. While these waivers promote equity, they also reduce revenue, impacting the program's ability to fully recover its costs.

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[1] and reimburses TEGSCO for towing and storage management services. TEGSCO's variable fees are adjusted annually based on the lesser of three percent or the regional Consumer Price Index (CPI). Fees charged to vehicle owners are set by SFMTA. A $52 fee waiver is granted to owners of first-time towed vehicles, and waivers are also available to low-income or homeless residents. In addition, victims of vehicle theft have their towing, administrative, and storage fees waived.

SFMTA leases 556,050 square feet of space at a facility located at 2650 Bayshore Boulevard in Daly City. Under the contract, TEGSCO uses 330,771 square feet for storage and transfer of vehicles, public lien sale auctions, and office space. TEGSCO does not pay rent but pays for all utilities, services, and security for the space. SFMTA also rents 450 7th Street for TEGSCO to use as its short-term storage facility.

Current fees are: (1) Administrative Fee: $304 for first-time tow, $360 for repeat tows, no fees for low-income vehicle owners or unhoused; (2) Tow Fee: $297, $104 for low-income residents, one-time waiver for the unhoused; (3) Storage Fee: no fee for first four hours, $64 for the first day after four hours, $77 for subsequent days; and (4) Dolly Fee (if applicable) $53.

Towing Contract Statistics

Historical and projected revenue, expenditures, non-contract costs for the program, towing volumes and prior amendments are attached below.

[1] The Management Fee was bid out as a flat fee to maintain a consistent level of service, rather than a negotiated amount based on costs to TEGSCO. Costs include staffing, security, office and network infrastructure, storage lot equipment, repairs, capital improvements, administrative costs, and profit.

Contract Expenditures:

Fiscal Year	Contract Start	End	Year	Management Fee	Variable Fee	Total Expenditures
fy17	4/1/2016	3/1/2017	Year 1[4]	$8,704,272	$4,413,678	$13,117,950
fy18	4/1/2017	3/1/2018	Year 2	$8,203,839	$4,776,759	$12,980,598
fy19	4/1/2018	3/1/2019	Year 3	$8,449,856	$5,441,590	$13,891,446
fy20	4/1/2019	3/1/2020	Year 4	$8,703,444	$5,198,730	$13,902,174
fy21	4/1/2020	3/1/2021	Year 5	$8,928,568	$2,155,762	$11,084,330
fy22	4/1/2021	3/1/2022	Year 6	$8,515,097	$3,880,922	$12,396,019
fy23	4/1/2022	3/1/2023	Year 7	$8,475,823	$4,664,564	$13,140,388
fy24	4/1/2023	3/1/2024	Year 8	$9,164,983	$5,238,125	$14,403,107
fy25	*4/1/2024*	*3/1/2025*	*Year 9 (projected)*	*$9,455,702*	*$5,654,504*	*$15,110,206*
fy26	*4/1/2025*	*3/1/2026*	*Year 10 (projected)*	*$9,810,000*	*$5,898,000*	*$15,708,000*
					Contingency	*$1,000,000*
			Total	***$88,411,584***	***$47,322,634***	***$136,734,218***

Tow Volume:

April to March	
Year 1	42,647
Year 2	42,442
Year 3	44,737
Year 4	43,223
Year 5	15,701
Year 6	31,088
Year 7	37,960
Year 8	37,294
Year 9	25,960 thru 11/24

Waiver Programs	FY2020*	FY2021	FY2022	FY2023	FY2024	FY2025 *(thru November 2024)*
Stolen Vehicle	$1,135,281	$1,489,009	$1,569,303	$1,679,801	$1,316,540	$420,176
First-time Tow	$1,464,838	$249,102	$707,716	$797,505	$880,964	$395,049
Low income		$2,303,628	$3,605,652	$4,539,059	$5,567,900	$2,797,495
Unhoused**	$1,318,262	$91,893	$342,734	$661,454	$485,169	$249,477
TOTALS	**$3,918,381**	**$4,133,631**	**$6,225,405**	**$7,677,818**	**$8,250,573**	**$3,862,197**

** Statistics by Contract Year are not available.*

***Unhoused tows not tracked separately until FY2020.*

Tow Program:

Tow Contract: **SFMTA Costs:** **Cost/Revenue:**

Fiscal Year	Contract Year Start Date	Contract Year End Date	Contract Year	Annual Contract Costs	Rent	SFMTA Admin & Enforcement Cost	Total Program Cost	Tow Revenues	Net Program Cost
fy17	4/1/2016	3/1/2017	Year 1	$13,117,950	$1,995,469	$9,247,156	$24,360,575	$20,769,426	$3,591,149
fy18	4/1/2017	3/1/2018	Year 2	$12,980,598	$2,772,010	$9,475,761	$25,228,369	$22,421,291	$2,807,078
fy19	4/1/2018	3/1/2019	Year 3	$13,891,446	$2,909,838	$10,166,840	$26,968,124	$23,768,374	$3,199,750
fy20	4/1/2019	3/1/2020	Year 4	$13,902,174	$3,143,580	$10,545,264	$27,591,018	$23,083,883	$4,507,135
fy21	4/1/2020	3/1/2021	Year 5	$11,084,330	$3,312,260	$11,252,133	$25,648,723	$8,142,522	$17,506,201
fy22	4/1/2021	3/1/2022	Year 6	$12,396,019	$3,377,856	$11,570,196	$27,344,071	$17,029,944	$10,314,127
fy23	4/1/2022	3/1/2023	Year 7	$13,140,388	$3,508,304	$11,882,881	$28,531,573	$22,210,186	$6,321,387
fy24	4/1/2023	3/1/2024	Year 8	$14,403,107	$3,634,742	$11,463,391	$29,501,240	$23,679,217	$5,822,023
fy25	*4/1/2024*	*3/1/2025*	*Year 9 (Est).*	*$15,110,206*	*$3,766,849*	*$12,355,710*	*$31,232,765*	*$23,392,809*	*$7,839,956*
fy26	4/1/2025	3/1/2026	*Year 10 (Est.)*	*$15,708,000*	*$3,903,843*	*$12,546,262*	*$32,158,105*	*$23,392,809*	*$8,765,296*
			Total	***$135,734,2***	***$32,324,75***	***$110,505,593***	***$278,564,56***	***$207,890,46***	***$70,674,102***

Past Towing Contract Amendments:

Extension and funding amendments that required Board approval

- First Amendment (2016): This amendment established a license agreement between the SFMTA and TEGSCO for use of the property at 7th Street as the short-term storage facility under the Contract. *(required MTAB approval only)*
- Third Amendment (2021): The SFMTA exercised the five-year extension option during the pandemic, initially requesting an increase in contract authority for only the first two years (2021-2023) This amendment increased the contract by $22.8 million, bringing it to a not-to-exceed amount of $88.2 million. A request for contract authority for the last three years of the contract term was deferred due to the COVID-19 emergency.
- Seventh Amendment (2023): This amendment increased the not-to-exceed amount by $33.2 million, for a total of $121.4 million, extending coverage 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 return later to seek additional contract authority to support final-year contract services

Administrative Amendments (*No Board Approvals Needed)*

- First Amendment (2017[2]): This amendment revised procedures for SFPD investigative holds.
- Second Amendment (2019): This amendment modified specific service requirements to improve operational efficiency within the towing program.
- Fourth Amendment (2021): This amendment formalized the rebranding of TEGSCO from the "doing business as" name "San Francisco AutoReturn" to its legal name, "TEGSCO, LLC."
- Fifth Amendment (2022): This amendment 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): This amendment introduced an internet-based auction platform as an alternative option to traditional in-person auctions.
- Eighth Amendment (2023): This amendment provided for the temporary relocation of the short-term storage facility to allow Caltrans to conduct structural maintenance and painting at the 7th Street location.

[2] This amendment was assigned as the 1st amendment due to clerical error. Because this was not discovered until recently, the CAT recommended distinguishing between the two documents by using the year they were approved.

January 13, 2025

Angela Calvillo, Clerk of the Board Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Re: Approval of Tow Contract, 9th Amendment

Dear Ms. Calvillo:

Attached for introduction is a resolution requiring Board of Supervisors approval.

The following is a list of accompanying documents:

- BOS Resolution
- Contract amendment (Word format and PDF signature)
- Original contract + Amendments to date
- SFER Form 126(f)4
- CEQA documentation
- MTAB Resolution Final signed
- All previous MTAB resolutions for the contract.
- Additional supporting documents
  - BOS Report 1 Tow Facility Space Options FINAL

Please contact SFMTA's Local Legislative Affairs Program Manager, Janet Martinsen at 415-994-3143 or at janet.martinsen@sfmta.com for questions about this submission.

Sincerely,

Julie Kirschbaum
Acting Director of Transportation

Docusign Envelope ID: ACFA3F77-DBB2-4BEA-BE81-0892F3B605A6

Incomplete - Pending Signature

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 #: 250072

Bid/RFP #: SFMTANo. 2014-48

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 (*for amendment only*)
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
Janet Martinsen	415-646-2032
FULL DEPARTMENT NAME	**DEPARTMENT CONTACT EMAIL**
068 Municipal Transportation Agency	Janet.Martinsen@sfmta.com

Docusign Envelope ID: ACFA3F77-DBB2-4BEA-BE81-0892F3B605A6

Incomplete - Pending Signature

5. CONTRACTOR	
NAME OF CONTRACTOR TEGSCO, LLC	**TELEPHONE NUMBER** 415-865-8200
STREET ADDRESS (including City, State and Zip Code) 450 - 7th Street	**EMAIL**

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	**ORIGINAL BID/RFP NUMBER** SFMTANo. 2014-48	**FILE NUMBER (*If applicable*)** 250072
DESCRIPTION OF AMOUNT OF CONTRACT $136,700,000		
NATURE OF THE CONTRACT *(Please describe)* The contract provides towing, lien sale/auction, vehicle storage management and customer service support for abandoned and illegally-parked vehicles in order to maintain transit reliability and traffic safety. The contract was awarded to TEGSCO, LLC in 2016 for $65. million for the five-year base term, with option to extend for five years under SFMTA Director of Transportation authority. in 2021 the extension period of five years was approved, as well as spending authority for two of the three years. Additional amendments to the agreement added two years of funding authority and raised the contract amount to $121.4 million. The current proposed amendment will grant spending authority for the fifth and final year of the agreement, for a contract total of $136.7 million.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
☐	**THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM**
☒	**A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES** Board of Supervisors
☐	**THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS**

Docusign Envelope ID: ACFA3F77-DBB2-4BEA-BE81-0892F3B605A6

Incomplete - Pending signature

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	Corcoran	Kevin	CEO
2	Bradshaw	Marcus	CFO
3	Mecklenburg	Frank	COO
4	Capital	Millpoint	Other Principal Officer
5	A&J Towing		Subcontractor
6	Atlantis Towing		Subcontractor
7	Auto Express Tow		Subcontractor
8	B&A Body Works Towing Inc.		Subcontractor
9	Baybridge Towing, Inc.		Subcontractor
10	Best Towing		Subcontractor
11	Blue Water Towing		Subcontractor
12	Charles Tow Service		Subcontractor
13	Golden Gate Tow, Inc.		Subcontractor
14	Sideline Towing		Subcontractor
15	Nelson's A Towing		Subcontractor
16	SF Towing		Subcontractor
17	Pat's Lien Service		Subcontractor
18	Calbay Protective Services		Subcontractor
19	Autura		Subcontractor

Docusign Envelope ID: ACFA3F77-DBB2-4BEA-BE81-0892F3B605A6

Incomplete - pending signature

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	Premier Locksmith		Subcontractor
21	Mulrooney	Jim	Subcontractor
22	Baumgarner	Daniel	Subcontractor
23	Sight*A*Rama		Subcontractor
24	International Fire, Inc.		Subcontractor
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Docusign Envelope ID: ACFA3F77-DBB2-4BEA-BE81-0892F3B605A6

Incomplete - pending signature

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**
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
☐	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 BOS Clerk of the Board	**DATE SIGNED**

From:	Martinsen, Janet
To:	BOS Legislation, (BOS); Calvillo, Angela (BOS); Somera, Alisa (BOS)
Cc:	Ramos, Joel (MTA); Fuqua, Lorraine (MTA)
Subject:	SFMTA submission of resolution approving the 9th Contract Amendment with TEGSCO, LLC for Vehicle Towing, Storage, and Disposal Services for Abandoned and Illegally Parked Vehicles.
Date:	Monday, January 13, 2025 11:57:45 AM
Attachments:	Outlook-hude0xbn.png Outlook-k2dtp2ih.png Outlook-5je0eh4h.png Outlook-bf21ca5t.png Outlook-bc1i5zii.png Tow Resolution for 9th Amendment DRAFT 01 06 2025.docx Tow 9th Amendment - Funding for Remainder of Contract Term signed - FM.pdf Tow 9th Amendment - Funding for Remainder of Contract Term.docx CEQA for 9th towing amend.pdf MTAB Resolution First Amendment (2016) Tow Contract.pdf MTAB Resolution Seventh Amendment Tow Contract.pdf MTAB Resolution Third Amendment - Tow Contract.pdf MTAB Tow Contract Resolution 02-16-2016.pdf BOS Report 1 Tow Facility Space Options FINAL.pdf MTAB Resolution 9th Amendment Tow Contract 12_3_24.pdf Cover Letter_Tesgo Tow Contract_SFMTA_1-13-25.docx

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Madame Clerk,

The attached resolution requires Board of Supervisors approval for the 9th Contract Amendment with TEGSCO, LLC for Vehicle Towing, Storage, and Disposal Services for Abandoned and Illegally Parked Vehicles.

The following is a list of accompanying documents:

- Cover letter (will send with acting Director's signature shortly)
- BOS Resolution
- Contract amendment (Word format and PDF signature)
- Original contract + Amendments to date
    - These are big and in zip files. I will send in a separate email.
- SFEC Form 126(f)4 (will add to file)
- CEQA documentation
- MTAB Resolution 9th amendment Final signed
- MTAB resolutions for the original contract, amendments 1, 3 and 7.
- Additional supporting documents
    - BOS Report 1 Tow Facility Space Options FINAL

Please contact SFMTA's Local Legislative Affairs Program Manager, Janet Martinsen at 415-994-3143 or at janet.martinsen@sfmta.com for questions about this submission.

Best Regards

Janet

Janet L. Martinsen
Local Legislative Affairs Program Manager
Government Affairs
Preferred Gender Pronouns: She/Her/Hers

Office: 415.646.2302
Mobile: 415.994.3143

San Francisco Municipal Transportation Agency
1 South Van Ness Avenue, 7th floor
San Francisco, CA 94103

SFMTA.com