

1 [Agreement - TEGSCO, LLC, dba San Francisco AutoReturn - Towing and Storage of
2 Abandoned and Illegally-Parked Vehicles - Not to Exceed \$65,400,000]

3 **Resolution approving the Agreement with TEGSCO, LLC, dba San Francisco**
4 **AutoReturn, for services related to the towing, storage, and disposal of abandoned and**
5 **illegally-parked vehicles in an amount not to exceed \$65,400,000 and for a five year**
6 **term of April 1, 2016, through March 31, 2021, with the option to extend for up to five**
7 **additional years; and approving a License between the San Francisco Municipal**
8 **Transportation Agency and AutoReturn for a portion of the premises at 2650 Bayshore**
9 **Boulevard in Daly City for use as the long-term vehicle storage and auction facility for a**
10 **term of five years, with the option to extend for five additional years.**

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12 WHEREAS, The City has contracted out for services related to the towing, storage,
13 release and disposal of illegally-parked and abandoned vehicles since 1987; and

14 WHEREAS, The City, through its Municipal Transportation Agency, is responsible for
15 effectively controlling and removing illegally parked and abandoned vehicles to maximize on-
16 street parking, manage traffic congestion, respond to blocked driveway requests, and
17 maintain clean, safe, and functional streets for the public’s use; and

18 WHEREAS, The current towing agreement expires on March 31, 2016; and

19 WHEREAS, The San Francisco Municipal Transit Agency (“SFMTA”) conducted a
20 competitive procurement process that yielded three submitted proposals; and the highest-
21 ranked proposer was the incumbent contractor, AutoReturn; and

22 WHEREAS, Since 2005, AutoReturn has provided customer service to the public and
23 performed its contractual obligations under the current towing agreement to the satisfaction of
24 the SFMTA through successful technological improvements and integrations with other
25

1 agency software; and, these improvements have enabled the SFMTA to redirect enforcement
2 labor to other transportation commitments, such as traffic mitigation and safety; and

3 WHEREAS, AutoReturn currently manages two facilities in support of the current
4 towing agreement, a facility it leases at 450 7th Street in San Francisco that serves as the
5 short-term vehicle storage facility and the customer service center, and a facility at 2650
6 Bayshore Boulevard in Daly City that the SFMTA leases for use, in part, as a long-term
7 vehicle storage facility and the site of lien sale auctions; and

8 WHEREAS, The SFMTA is currently negotiating with Caltrans, the owner of the 450
9 7th Street facility, to transfer the facility's lease to the SFMTA; and

10 WHEREAS, AutoReturn currently occupies the Bayshore facility pursuant to a license
11 agreement with the SFMTA; and

12 WHEREAS, Under the proposed Agreement with TEGSCO, dba San Francisco
13 AutoReturn, for Towing, Storage, and Disposal of Abandoned and Illegally-Parked Vehicles
14 ("the Proposed Towing Agreement") AutoReturn must enter into a Revocable License to Enter
15 and Use Property for the Bayshore facility ("the Bayshore License") for a term of five years
16 with the option to extend for five additional years; and

17 WHEREAS, The business model under the existing towing agreement is dependent on
18 tow volume which decreased from approximately 71,000 tows in 2005 to approximately
19 42,000 tows in 2015; and

20 WHEREAS, Under the business model reflected in the Proposed Towing Agreement,
21 the contractor will collect all towing, storage, and auction related fees on behalf of the SFMTA,
22 the SFMTA will retain those fees, and the SFMTA will pay the contractor for contract services
23 through a fixed monthly management fee and variable, per vehicle, fees for towing, storage,
24 transfer, and lien/auction expenses, which will improve cost control, service oversight, and fee
25 setting; and

1 WHEREAS, After an analysis of all costs related to the towing program, the SFMTA
2 Board approved modifications to the Transportation Code on February 16, 2016 (Resolution
3 No. 16-024) to establish a fee schedule for tow, storage, lien and sale of towed vehicles, and
4 to lower the administrative fee and the base tow fee by \$22.25 or 5%, in total; and

5 WHEREAS, The proposed not-to-exceed amount for the Towing Agreement is
6 \$65,400,000; the term of the Towing Agreement is five years with the option to extend for up
7 to five additional years; and

8 WHEREAS, The local business enterprise goal under the Proposed Towing Agreement
9 will be 20%, as opposed to 12% under the existing towing agreement to encourage
10 participation from local businesses; and

11 WHEREAS, The SFMTA Board of Directors approved the Proposed Towing
12 Agreement and Bayshore License on February 16, 2016, (Resolution No. 16-024) and
13 recommended both to the Board of Supervisors for review and approval; and

14 WHEREAS, The Towing Agreement and Bayshore License are on file with the Clerk of
15 the Board of Supervisors in File No. 160134; and

16 WHEREAS, The Planning Department has determined that the actions contemplated in
17 this Resolution comply with the California Environmental Quality Act (California Public
18 Resources Code, Sections 21000 et seq.), and said determination is on file with the Clerk of
19 the Board of Supervisors in File No. 160134; now, therefore, be it

20 RESOLVED, That the Board of Supervisors authorizes the Director of Transportation of
21 the SFMTA, on behalf of the City, to execute the Towing Agreement and the Bayshore
22 License and to take all actions under the Towing Agreement and the Bayshore License,
23 including the exercise of the extension options described in those documents; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Transportation of the SFMTA to enter into any amendments or modifications to the Towing

1 Agreement or the Bayshore License (including, without limitation, the exhibits to those
2 documents) that the Director of Transportation determines, in consultation with the City
3 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially
4 increase the obligations or liabilities of the City, are necessary or advisable to effectuate the
5 purposes of the Towing Agreement, the Bayshore License, or this Resolution, and are in
6 compliance with all applicable laws, including the City's Charter; and, be it

7 FURTHER RESOLVED, That the Planning Department's determination that the actions
8 contemplated by this Resolution comply with the California Environmental Quality Act
9 (California Public Resources Code, Sections 21000 et seq.) is affirmed by this Board; and, be
10 it

11 FURTHER RESOLVED, That the Towing Agreement shall be subject to certification as
12 to funds by the City's Controller, pursuant to Charter, Section 3.105, and, be it

13 FURTHER RESOLVED, That within 30 days of the Towing Agreement and Bayshore
14 License documents being fully executed by all parties, the final documents shall be provided
15 to the Clerk of the Board for inclusion in the official file.

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