

1 [Contract Amendment and Property Use License - TEGSCO, LLC - San Francisco AutoReturn
2 Towing]

3 **Resolution approving the first amendment to the amended and restated Towing**
4 **Agreement and Property Use License for towing, storage and disposal of abandoned**
5 **and illegally parked vehicles, between the San Francisco Municipal Transportation**
6 **Agency and TEGSCO, LLC, dba San Francisco AutoReturn, for a period to commence**
7 **upon Board approval through July 31, 2015.**

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9 WHEREAS, San Francisco AutoReturn has been the contractor for towing services for
10 the City since 2004, and is currently under an agreement for services through August 2015,
11 including management of a long-term vehicle storage facility and vehicle auction area; and

12 WHEREAS, At the time of contract award, a portion of Pier 70 served as the location of
13 this facility; and

14 WHEREAS, In 2011 the Port announced that a developer had been chosen to
15 redevelop Pier 70, which necessitated relocating the long-term storage and auction facility;
16 and

17 WHEREAS, In 2012, after approval from the Board of Supervisors (Resolution No. 365-
18 12) the San Francisco Municipal Transportation Agency (SFMTA) entered into a lease for
19 occupation of property located at 2650 Bayshore Blvd., and in May 2013 exercised its right
20 under the contract with AutoReturn to move the long-term vehicle storage facilities from Pier
21 70 to the Bayshore location; and

22 WHEREAS, To document the long-term towing storage facility’s move from Pier 70 to
23 the Bayshore location, the First Amendment to the Amended and Restated Towing
24 Agreement (the “First Amendment”) will delete two appendices to the Towing Agreement – the
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1 previous MOU with the Port of San Francisco (Appendix C) and the existing license
2 agreement (Appendix D) – and the First Amendment will add a revised license agreement
3 (Appendix H) to reflect the new license agreement for the Bayshore facility; and

4 WHEREAS, Modifications will also be made to the Amended and Restated Towing
5 Agreement to reflect the change in the location of the long-term storage and auction facility,
6 and to change the financial assurance requirements, as requested by AutoReturn; and

7 WHEREAS, AutoReturn paid \$110,191 in one-time move costs related to transferring
8 over 1,200 vehicles from Pier 70 to 2650 Bayshore, providing security services at two
9 locations, and reinstalling SFMTA surveillance and access control systems; and

10 WHEREAS, AutoReturn began and is incurring additional monthly operating expenses,
11 less operational savings, at 2650 Bayshore, which were not contractually anticipated, and
12 were established by mutual agreement at a net average increase of \$2,145 per month; and

13 WHEREAS, A rent credit of \$6,226 per month is proposed in the revised license
14 agreement to compensate AutoReturn for its unanticipated relocation costs and increased
15 operating expenses, which will be applied to the current rent over a period of twenty-seven
16 months totaling \$168,115; and

17 WHEREAS, There will also be a modification to the current contract’s financial
18 assurances of a \$1 million Letter of Credit and a \$1 million Performance Bond to a single, \$2
19 million Performance Bond; and

20 WHEREAS, The SFMTA Board of Directors approved the reimbursement amount and
21 the financial assurance modification under its Resolution 14-050 on April 1, 2014, and

22 WHEREAS, A copy of the proposed First Amendment is on file with the Clerk of the
23 Board of Supervisors in File No. 140093, which is hereby declared to be a part of this
24 Resolution as if set forth fully herein; and

1 WHEREAS, San Francisco Charter, Section 9.118 requires Board of Supervisors'
2 approval of an amendment to a contract that when entered into had anticipated revenue to the
3 City of \$1,000,000 or more; now, therefore, be it

4 RESOLVED, That the San Francisco Board of Supervisors approves the First
5 Amendment to the Restated and Amended Towing Agreement and Property Use License for
6 Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles by and between
7 the San Francisco Municipal Transportation Agency and TEGSCO, LLC, d.b.a. San Francisco
8 AutoReturn; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors authorizes SFMTA's Director of
10 Transportation to execute the First Amendment in substantially the form of the First
11 Amendment on file with the Clerk of the Board of Supervisors as approved by the City
12 Attorney; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
14 Transportation to enter into any additions, amendments or other modifications to the First
15 Amendment (including, without limitation, preparation and attachment of, or changes to, any
16 or all of the exhibits, appendices, and ancillary agreements) that the Director of
17 Transportation, in consultation with the City Attorney, determines when taken as a whole, are
18 in the best interest of the SFMTA, do not materially increase the term of the First Amendment,
19 or the term of any of the appendices or ancillary agreements to the First Amendment, or
20 materially increase the obligations or liabilities of City, or materially decrease the public
21 benefits accruing to City, comply with all applicable laws, and are necessary or advisable to
22 complete the transactions contemplated and effectuate the purpose and intent of this
23 Resolution, such determination to be conclusively evidenced by the execution and delivery by
24 the Director of Transportation of any such documents; and be it

1 FURTHER RESOLVED, That within thirty (30) days of the contract being fully executed
2 by all parties the SFMTA shall provide the final contract to the Clerk of the Board for inclusion
3 into the official file.

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