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[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

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

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

9 WHEREAS, As the City emerges from pandemic conditions, towing volumes and their
10 corresponding costs have increased significantly faster than staff projected, leaving a shortfall
11 of \$7 million to fund the balance of the second year of the extended term; and

12 WHEREAS, The additional funds would fund the balance of the second year and part
13 of the five-year extended term to March 2025, and increase total contract amount to
14 \$121,400,000 for the full ten-year term; and

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

18 WHEREAS, The SFMTA's towing program provides essential services to the City; the
19 towing program supports transit reliability and traffic safety by removing abandoned vehicles
20 that pose potential safety hazards, and collecting vehicles that are involved in accidents or
21 used in the commission of crimes; the towing program supports City parking regulations that
22 are essential for keeping the streets safe and clean, and that help to maintain parking
23 availability for merchants and residents; and

24 WHEREAS, Contractor continues to meet or exceed program requirements under the
25 Contract; during the contract term, Contractor successfully negotiated three collective

1 bargaining agreements with Teamsters Local 665 since 2005 and continues to support this
2 collaborative process; and Contractor consistently exceeds the 20% Local Business
3 Enterprise subcontracting requirement, with current participation at 44%; and

4 WHEREAS, The SFMTA has committed to conduct a competitive procurement process
5 for a successor contract before the end of the Contract’s ten-year term in 2026, and has
6 further committed that staff’s reexamination of the SFMTA’s towing policy will inform the
7 request for proposals for such procurement; and

8 WHEREAS, The proposed amendment is on file with the Clerk of the Board of
9 Supervisors in File No. 220974; now, therefore, be it

10 RESOLVED, That the Board of Supervisors authorizes the Director of Transportation of
11 the SFMTA, on behalf of the City, to execute the seventh amendment to the contract between
12 the SFMTA and TEGSCO, LLC, for services related to the towing, storage, and disposal of
13 abandoned and illegally-parked vehicles, to increase the contract by approximately \$33.2
14 million for a total amount not to exceed \$121,400,000; and, be it

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

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

20 FURTHER RESOLVED, That the SFMTA will report quarterly, in writing, to the Board
21 of Supervisors’ Budget and Finance Committee on staff’s progress on their reexamination of
22 towing policy.