[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

for Angela Calvillo
Clerk of the Board

London Breed

London N. Breed
Mayor

11/4/22

Date Approved