[Contract Amendment - TEGSCO, LLC - Vehicle Towing, Storage, and Disposal Services for Abandoned and Illegally Parked Vehicles - Not to Exceed $158,800,000]

Resolution approving the 10th 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 $22,100,000 for a total contract amount not to exceed $158,800,000; and to extend the contract term by nine months with up to six additional one-month extensions, for a potential new term of April 1, 2016 through June 30, 2027, effective upon approval of this Resolution.

WHEREAS, Charter, Section 9.118(b), requires that contracts entered by a department involving anticipated expenditures of $10,000,000 or more, and amendments to such contracts exceeding $500,000 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 towing, storage, and disposal services for abandoned and illegally parked vehicles, with an initial term of five years and an initial not to exceed amount of $65,400,000 and an option to extend the term for an additional five years; and

WHEREAS, On April 7, 2021, the Board of Supervisors pursuant to Charter, Section 9.118(b), under Resolution No. 153-21, approved the Third Amendment to the Contract, which exercised the five-year extension option through March 31, 2026, and increased the contract amount by $22,800,000 for a total not to exceed amount of $88,200,000 to pay for the first two years of the extended term; and

WHEREAS, On February 25, 2025, the Board of Supervisors pursuant to Charter, Section 9.118(b), and under Resolution No. 066-25, approved the Ninth Amendment to the Contract, which increased the contract amount by $15,300,000 for a total not to exceed amount of $136,700,000 to fund the balance of the second year and final three years of the extended term; and

WHEREAS, Since the Contract was originally executed, it has been amended ten times, including two amendments both labeled the “First Amendment,” addressing separate operational and property-related matters; and

WHEREAS, Towing operations are essential to maintain available legal parking spaces, support smooth traffic and transit flow, and assist the San Francisco Police Department in handling vehicles involved in traffic incidents and criminal activities; and

WHEREAS, On November 11, 2024, Caltrans, the lessor of the 7th Street Primary Storage Facility used under the Contract, imposed revised insurance requirements increasing general liability coverage, including umbrella, from $5,000,000 to $20,000,000; and

WHEREAS, On June 24, 2025, the SFMTA and TEGSCO amended the license agreement for the 7th Street site to incorporate these new insurance terms, with TEGSCO responsible for obtaining the increased coverage, estimated at $200,000 annually; and

WHEREAS, To ensure uninterrupted tow operations at this critical facility and avoid exposing TEGSCO to unanticipated costs beyond the original contract scope, the SFMTA determined it would reimburse TEGSCO for these additional insurance expenses, reflecting the agency’s role as lessee of the property and its commitment to maintaining stable, compliant operations under lease terms imposed by the State that neither the SFMTA nor TEGSCO could have reasonably anticipated at the time the contract was awarded; and

WHEREAS, The tow program is limited by cost-recovery laws to charging owners of towed vehicles no more than the actual cost to the SFMTA; in recent years, because of both

increased costs and the implementation of several waiver programs, the SFMTA is not recouping all program costs but is rather spending about $8 million to run the tow program; and

WHEREAS, The SFMTA proposes to extend the Contract term by nine months, with up to six additional one-month extensions, to allow time to fully explore various cost-saving options and to conduct a cost-saving solicitation for the next contract; and

WHEREAS, The Contractor has agreed to waive annual cost-of-living adjustments (COLA) during the extended term, resulting in estimated savings of $471,000; and

WHEREAS, The proposed Tenth Amendment would increase the contract amount by $22,100,000 for a total not toexceed amount of $158,800,000 to fund the extended term and cover the increased insurance costs imposed by Caltrans; and

WHEREAS, The proposed amendment is on file with the Clerk of the Board of Supervisors in File No. 251206; 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 Tenth Amendment to the contract between the SFMTA and TEGSCO, LLC, to increase the contract amount by $22,100,000 for a total not-to-exceed amount of $158,800,000 and to extend the contract term by nine months with up to six additional one-month extensions, for a potential new end date of June 30, 2027; 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.