SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 241203-135

WHEREAS, In 2016, the SFMTA executed Contract No. 2014-48 (Contract) with TEGSCO, LLC. (TEGSCO), for towing and storage services for abandoned and illegally parked vehicles in San Francisco; the Contract was for an initial amount of $65.4 million and an initial term of five years with the option to extend for an additional five years; spending authority for the extension was not originally obtained; and

WHEREAS, Towing operations are essential to maintaining available legal parking spaces, supporting smooth traffic and transit flow, and assisting the San Francisco Police Department with the handling of vehicles involved in traffic incidents and criminal activities; and

WHEREAS, Since the Contract was initially approved, eight amendments have been made, each designed to support the effective operation of the City's towing program and to address its evolving needs; and

WHEREAS, The First Amendment (2016) added a license agreement between TEGSCO and the SFMTA for TEGSCO's use of the property at 7th and Harrison streets, designating it as the primary storage facility under the Contract; and

WHEREAS, The First Amendment (2017), revised procedures for SFPD investigative holds; and

WHEREAS, The Second Amendment modified certain service requirements to enhance the efficiency of towing operations; and

WHEREAS, The Third Amendment exercised the five-year extension option, extending the contract term through March 31, 2026, and increasing the contract amount by $22.8 million, for a new total of $88.2 million, to support the first two years of the extension; spending authority for the remaining three years was deferred due to the COVID-19 emergency and to allow time for reassessment of the City's towing policy and funding needs as it recovered from the pandemic; and

WHEREAS, The Fourth Amendment memorialized that TEGSCO stopped using the DBA name "San Francisco AutoReturn" and began using its legal name, TEGSCO, LLC, within San Francisco; and

WHEREAS, The Fifth Amendment granted TEGSCO access to the City's confidential database to verify the eligibility of tow customers for fee reductions and waivers under the SFMTA's income-based tow fee-reduction and fee-waiver programs; and

WHEREAS, The Sixth Amendment provided the SFMTA with the option to use an internet-based auction platform as an alternative or supplement to live, in-person auctions; and

WHEREAS, The Seventh Amendment increased the contract amount to $121.4 million, providing contract authority to cover the extended term through March 2025; Staff committed to providing updates to the Board of Supervisors' Budget and Finance Committee on program progress and policy reassessment, with plans to seek final-year funding afterward; and

WHEREAS, The Eighth Amendment provided for the temporary relocation of TEGSCO's primary storage facility to accommodate Caltrans' structural painting and other necessary work at its property located at 7th and Harrison streets, which TEGSCO uses under license from the SFMTA as the main storage facility for the Contract; and

WHEREAS, Currently, the towing program faces revenue shortfalls; although it operates on a cost-recovery basis through towing fees and lien sales, post-pandemic reductions in towing volume, along with policy-driven fee reductions and waivers for qualifying members of the public, limit cost recovery; and

WHEREAS, The Ninth Amendment would increase the contract amount by $17.0 million, for a total of $138.4 million, to support the Contract through the final year of its extended term, March 2026; and

WHEREAS, Under Section 9.118, Board of Supervisors' approval is required due to the increase of more than $500,000; and

WHEREAS, On November 1, 2024the SFMTA, under authority delegated by the Planning Department, determined the Ninth Amendment to SFMTA Contract No. 2014-48 is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute the Ninth Amendment to SFMTA Contract No. 2014-48 with TEGSCO, LLC., for towing and storage services for abandoned and illegally parked vehicles, increasing the contract amount by $17.0 million, for a total amount not to exceed $138.4 million, to support spending for the balance of the contract term through March 2026; and, be it further

RESOLVED, That the SFMTA Board of Directors recommends approval of this Ninth Amendment by the Board of Supervisors pursuant to Charter Section 9.118.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of December 3, 2024.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency