SFMTA

Tenth Amendment to Contract with TEGSCO, LLC for Towing and Storage Services

Board of Supervisors Budget & Finance Committee

January 28, 2026

Contract History

- Initial five-year term began 4/1/2016 with budget of $65.4 million.
- Five-year extension exercised in 2021 extended contract through 3/31/2026.
- Budget for extension term was approved in pieces by BOS, cumulatively increasing total budget to $136.7 million to cover full ten-year term through 3/31/2026.

Proposed Tenth Amendment

- Tenth amendment will extend existing agreement with TEGSCO by 15 months and increase the contract amount by $22.1 million to $158.8 million.
- Proposed extension increases total term to 11 years, 3 months. Extending term beyond 10 years requires both MTAB and BOS approval.

Proposed Tenth Amendment (cont.)

Below is a breakdown of previously approved and newly requested contract funding for FY26 and FY27.

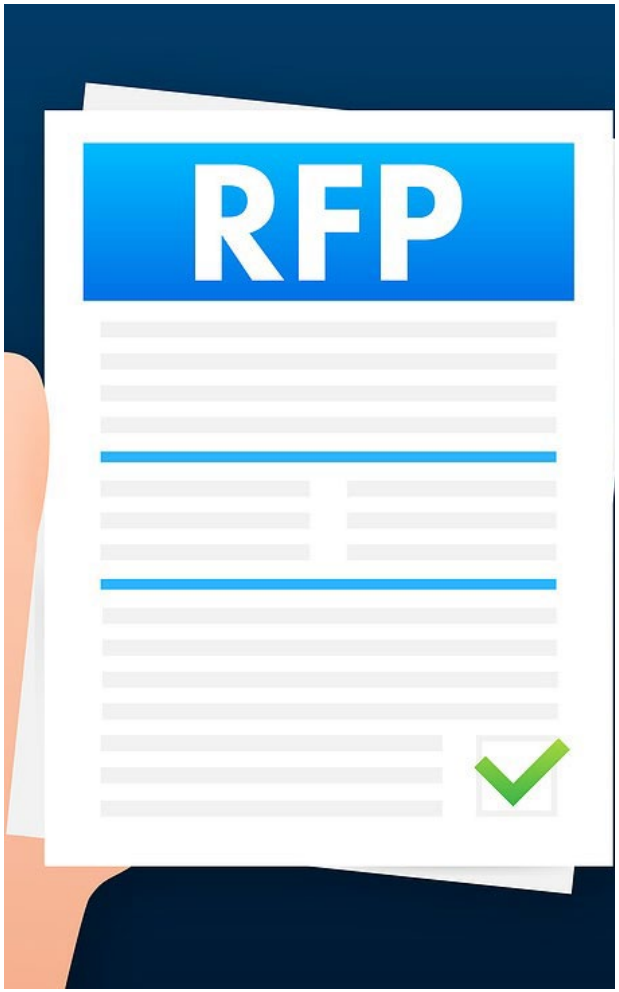
Contract Costs	Approved within Ninth Amendment	Requested within Proposed Tenth Amendment		
	FY25-26 (Q1-Q3)	FY25-26 (Q4)	FY26-27	Total Request
Fixed Management Fees includes customer service staff, TVMS software system, management of tow yards, payment processing and reporting, auction/lien sale management, admin, overhead, insurance premiums and profit	$6.6 million	$3.5 million	$10.1 million	$13.6 million
Variable Fees fees that apply per vehicle towed, including towing, lien sale, dolly/flatbed and dropped tow	$4.0 million	$2.1 million	$6.4 million	$8.5 million
Totals	$10.6 million	$5.6 million	$16.5 million	$22.1 million

Competitive Solicitation Process

- Extending the existing contract will allow time for an expanded competitive solicitation process and a thoughtful re-scoping of the desired vendor scope of services to align with agency budget priorities.
- Request for Information (RFI) issued 7/1/25.
- Vendor community asked for input regarding most efficient methods of re-scoping required services to deliver cost efficiencies.

Competitive Solicitation Process (cont.)

- RFI responses will be considered while developing an updated scope of services to be included in an upcoming Request for Proposals (RFP).
- RFP format will be brought to MTAB for consideration and approval prior to issuance targeted for Q1 2026.
- Agency goal is to save 10% versus current vendor contract expenses.



Thank you.