



**February 12, 2016**

**The Honorable Members of the Board of Supervisors  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102**

***Subject: Approval of New Towing Agreement with San Francisco AutoReturn (“AutoReturn”)***

**Honorable Members of the Board of Supervisors:**

The SFMTA is requesting your approval to execute a new agreement to commence on April 1, 2016 with AutoReturn to provide towing, storage, lien process and auction services for abandoned and illegally-parked vehicles (Towing Agreement). The contract’s not-to-exceed amount is \$65.4 million, with a five-year term and option to extend for up to five additional years. We also ask for approval to execute the 2650 Bayshore License Agreement with the SFMTA for use as a long-term vehicle storage and auction facility for a term of five years, with a five-year extension option. The vendor was selected by an evaluation committee based on an open request for proposal process.

The following summarizes the major points related to the Towing Agreement. Further detailed information is included in the report presented to the SFMTA Board of Directors at their February 16, 2016 meeting and available at this link (<https://www.sfmta.com/about-sfmta/organization/divisions-and-units/board-directors>).

- ***Change in business model:*** With the proposed change, the contractor will collect all towing, storage and auction related fees on behalf of the SFMTA; the agency will in turn reimburse the contractor for contract services through a monthly fixed fee and variable, per vehicle fees for towing, transfer and lien/auction expenses. In the current agreement, the contractor’s expenses and profit are covered by the fees they charge to the public. Therefore, this change allows the SFMTA to better control cost, enhance service oversight and establish fees.
- ***Fee Reduction:*** The proposed Administrative and Base ***Tow Fees are anticipated to be reduced by \$22.25 or 5% in total.*** All other fees to the public, including vehicle storage, transfer, lien and auction fees, are proposed to remain the same with the exception of the Auction Service Fee and will be effective April 1, 2016 through FY 2017. There are three factors that impact towing fees: 1) Labor costs; 2) Land costs; and 3) City policy to not subsidize fees and thus maximize funding for Muni in support of the City’s Transit First Policy. In summary, fees are reduced and payment for all aspects of the tow program will be recovered therefore having no impact on SFMTA’s operational budget.
- ***Stolen Fee Waiver Expansion:*** On December 1, 2015, the SFMTA implemented the new stolen vehicle waiver policy that waives all fees and provides a 48-hour grace period on storage to SF Residence. Non-SF Residence are charged one half of the Administrative Fee

and provided a 24-hour grace period on storage. The new fees proposed for April 1, 2016 will extend the full waiver and 48-hour grace period on storage to Non-SF Residents.

**Cost:** The first year of the contract is \$12.3M and adjusted annually based on the lesser of the Consumer Price Index or 3%. The Total Not to Exceed amount for 5 years is \$65.4M.

<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>Not to Exceed</b>
\$12.3 M	\$12.7 M	\$13.1 M	\$13.5 M	\$13.9 M	<b>\$65.4 M</b>

Exercising the 5-year extension will require returning to both the SFMTA Board of Directors and Board of Supervisors for approval.

**Recommendation:**

The Board of Supervisors approves the Towing Agreement in the amount of \$65.4 million for a five year term, with the option to extend to up to five additional years, and approve the Bayshore License agreement for a term not to exceed ten years.

Should you have any questions or require more information, please contact Sonali Bose. Thank you for your support of SFMTA and the transportation system.

Sincerely,



**Edward D. Reiskin**  
**Director of Transportation**

