

1 [Service Agreement and Property Use License for Towing, Storage and Disposal of
2 Abandoned and Illegally Parked Vehicles.]

3 **Resolution approving the Service Agreement and Property Use License for Towing,**
4 **Storage and Disposal of Abandoned and Illegally Parked Vehicles by and between the**
5 **City and County of San Francisco and TEGSCO, LLC, d.b.a. San Francisco AutoReturn.**

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7 WHEREAS, To maintain public safety and health, the City is charged under the laws of
8 the State of California with the authority and duty to keep City streets clear of abandoned and
9 illegally parked vehicles; and,

10 WHEREAS, San Francisco Traffic Code § 163 requires the Department of Parking and
11 Traffic to contract for the towing, storage and disposal of abandoned and illegally parked
12 vehicles; and,

13 WHEREAS, The City removes more than seventy thousand illegally parked vehicles
14 from City streets annually; and,

15 WHEREAS, The San Francisco Police Department relies upon DPT's towing services
16 contractor to remove the vehicles of unlicensed and intoxicated drivers, illegally operated
17 vehicles and vehicles involved in crimes from City streets; and,

18 WHEREAS, The Board of Supervisors has previously adopted the findings of the
19 Director of Public Health, set forth in San Francisco Traffic Code § 230, that the accumulation
20 and storage of abandoned, wrecked, dismantled, or inoperative vehicles or parts thereof
21 creates conditions tending to reduce the value of private property, promotes blight and
22 deterioration, invites plundering, creates fire hazards, constitutes an attractive nuisance
23 creating a hazard to the health and safety of minors, creates harborage for rodents and
24 insects and is injurious to the health, safety and general welfare; and,

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1 WHEREAS, DPT engaged in a competitive selection process to select a service
2 provider for vehicle towing, storage and disposal services on a long-term basis; and,

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4 WHEREAS, TEGSCO, LLC, d.b.a. San Francisco AutoReturn (“AutoReturn”) was the
5 highest ranked among three proposers that responded to DPT's Request for Proposals for a
6 towing services provider; and,

7 WHEREAS, On December 2, 2003, the Municipal Transportation Agency (“MTA”)
8 Board of Directors authorized the MTA’s Director of Transportation to negotiate a long-term
9 towing agreement with AutoReturn; and,

10 WHEREAS, Negotiations had to be suspended when the City’s then current contractor,
11 Pick Your Part d.b.a. The City Tow (“City Tow”) informed the City in January, 2004, that it
12 would cease towing services that it had provided to the City; and,

13 WHEREAS, On March 16, 2004, the MTA Board of Directors approved an Emergency
14 Interim Agreement for vehicle towing, storage and disposal services with AutoReturn to avoid
15 an interruption of services due to the abrupt departure of City Tow, which posed a threat to
16 public health, safety and welfare constituting a public emergency as defined in Administrative
17 Code § 21.15; and,

18 WHEREAS, The Emergency Interim Agreement was subsequently adopted by the
19 Board of Supervisors on July 13, 2004, and is on file with the Clerk of the Board of
20 Supervisors in File No. 040638, which is hereby declared to be a part of this resolution as if
21 set forth fully herein; and,

22 WHEREAS, The Department of Parking and Traffic, The City Tow and AutoReturn
23 negotiated a Transition Agreement, dated March 16, 2004, to govern the transition between
24 towing services contractors, which is on file with the Clerk of the Board of Supervisors in File
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1 No. 040638, and is hereby declared to be a part of this resolution as if set forth fully herein;
2 and,

3 WHEREAS, During the process of transitioning operations from City Tow to AutoReturn
4 at three separate facilities associated with the City's towing operations, DPT staff and the City
5 Attorney's Office developed the master agreement, scope of work, and related property use
6 licenses needed for the long-term agreement; as well as a Memorandum of Understanding
7 (MOU) with the Port of San Francisco which was approved by the Port Commission on May
8 10, 2005; and,

9 WHEREAS, The parties to the negotiation anticipated that the process of finalizing
10 contract documents and securing required approvals from multiple City agencies would not be
11 complete before the Emergency Interim Agreement expired on March 22, 2005; and,

12 WHEREAS, The Director of Transportation of the MTA, with the concurrence of the
13 President of the MTA Board of Directors and pursuant to Administrative Code § 21.15,
14 executed a First Amendment to the Emergency Interim Agreement extending its term through
15 April 22, 2005; and,

16 WHEREAS, On April 12, 2005, the Board of Supervisors approved a Second
17 Amendment to the Emergency Interim Agreement, extending its term through July 30, 2005,
18 or until negotiations could be completed on the long-term towing agreement, which is on file
19 with the Clerk of the Board of Supervisors in File No. 050322, and is hereby declared to be a
20 part of this resolution as if set forth fully herein; and,

21 WHEREAS, In the proposed long-term agreement, the AutoReturn has agreed to pay
22 to the City a \$20 referral fee per vehicle towed, and 1% of gross annual revenues under the
23 proposed agreement, amounting to annual revenue to the City of approximately \$1.6 million;
24 and,

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1 WHEREAS, Revenue contracts with anticipated revenues of more than one million
2 dollars require the approval of the Board of Supervisors (Charter § 9.118); and,

3 WHEREAS, AutoReturn proposes to consolidate the Customer Service Center at the
4 Hall of Justice and the short-term vehicle storage facility at 415-7th Street to combined office
5 and parking lot facilities that the Contractor has leased from Caltrans at 450-7th Street; and,

6 WHEREAS, The proposed consolidation would allow for needed office expansion by
7 Hall of Justice occupants and provide a parking lot for jury parking; and,

8 WHEREAS, The relocation to a consolidated facility will result in the loss of income to
9 DPT currently generated by rental payments for the Customer Service Center and short-term
10 vehicle storage facility at the Hall of Justice, and thus under Charter § 9.118 requires the
11 approval of the Board of Supervisors; and,

12 WHEREAS, The Controller's Office has determined that the requirements of Charter §
13 10.104.15 have been satisfied for Fiscal Year 2005-2006, and estimates the City will realize
14 annual cost savings from contracting for towing, storage and disposal services of between
15 \$1,580,211 and \$3,623,232 ; and,

16 WHEREAS, On June 7, 2004, the MTA Board of Directors authorized the Director of
17 Transportation to execute a Service Agreement and Property Use License for Towing,
18 Storage and Disposal of Abandoned and Illegally Parked Vehicles by and Between the City
19 and County of San Francisco and TEGSCO, LLC, d.b.a. San Francisco AutoReturn for a five-
20 year term; now, therefore, be it

21 RESOLVED, The Service Agreement and Property Use License for Towing, Storage
22 and Disposal of Abandoned and Illegally Parked Vehicles by and Between the City and
23 County of San Francisco and TEGSCO, LLC, d.b.a. San Francisco AutoReturn for a five-year
24 term is hereby approved; and, be it further
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1 RESOLVED, The proposed consolidation of the Customer Service Center with the
2 short-term vehicle storage facility is hereby approved.

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