



Agenda Report

18-835

Agenda Date: 11/27/2018

REPORT TO COUNCIL

SUBJECT

Action on Agreements with Finish Line Towing Incorporated, Lima Towing, and Unique Towing for towing services and Amendment of the FY 2018-19 Municipal Fee Schedule regarding Towing Rates

BACKGROUND

The Police Department manages three Agreements with Finish Line Towing Incorporated, Lima Towing, and Unique Towing for towing services on behalf of the City of Santa Clara (City) to mitigate blight, reduce fire hazards, and address hazards to health, safety, and general welfare. The current agreements, as amended, expire on December 31, 2018.

The tow operators are compensated for their services by collecting towing and storage fees; revenues collected at vehicle lien sales for abandoned vehicles, and scrap metal costs for vehicles that cannot be sold and are recycled.

DISCUSSION

In order to prepare for successor towing agreements, staff notified approximately twenty (20) South Bay tow service operators of a Request for Information (RFI) meeting on July 27, 2018. The purpose of the meeting was to explore the possibility of increasing the number of tow operators, discuss areas where service levels can be improved, and discuss issues affecting the tow industry that are negatively impacting the operators' ability to perform the required services at reasonable profit levels.

Three tow service operators, Finish Line Towing Incorporated, Lima Towing, and Unique Towing, participated in the meeting. At the meeting, the terms of the current Agreement between the City and tow service operators were discussed and changes in the towing industry were shared. The largest area of concern was the increasing number of recreational vehicle and abandoned vehicle tows, and the significant expense to tow, clean, dismantle, and dispose of these vehicles that have little or no resale or scrap value.

A follow-up meeting was conducted on August 31, 2018, in response to the discussion at the July 27, 2018 meeting. At this meeting, several changes to the agreement were proposed with the goal of addressing lost profits due to recreational and abandoned vehicle tows and improving the overall service delivery model.

As mentioned above, only the three incumbent operators participated in the RFI process even though considerable outreach was done to encourage participation from more operators. As a result, Staff determined that additional outreach efforts or conducting a competitive process would not be of any value. Therefore, a draft tow service Agreement was sent to each of the operators on September 27, 2018, with a request for comments by October 5, 2018.

The tow service Agreements with Finish Line Towing Incorporated, Lima Towing, and Unique Towing being presented to City Council have a five (5) year term, through December 31, 2023, and incorporate the following adjustments as compared with the current Agreement:

- Reimburse the operators for towing and disposing of Recreational Vehicles (RV's), Cab-Over Campers, Motor Homes (on wheels) and open trailers; create a separate rotational tow list for such vehicles; and set a flat fee of \$1,500 per vehicle for performing this service;
- Increase tow rates, service call costs, extraordinary service tows, storage fees, and after hours gate charges as detailed below;
- Allow the City to add a tow service operator(s) at any time during the term of the Agreements;
- Modify the suspension and termination clause and eliminate the tow service provider appeal procedure;
- Allow for the tow service provider to request relocation of its primary and/or secondary storage facilities to outside the City of Santa Clara with permission from the Police Department, in accordance with the Vehicle Code;
- Update the requirement of each Contractor to provide an annual list of all drivers and proof of Controlled Substance and Alcohol Testing enrollment;
- Do not include the annual fee for tow driver's permit renewal with the City;
- Adjust the conviction disqualifier to within five (5) years of the application; and
- An escalator clause allowing for rate adjustments on November 1, annually, not to exceed the Consumer Price Index for All Urban Consumers (Current Series) for the San Francisco-Oakland-Hayward, California region, not seasonally adjusted.

The new schedule of rates and charges as recommended for approval by adoption of the attached resolution includes the following. In 2014, the rates were adjusted for the last time. Therefore, the basic tow rate was increased by \$10, or less than 5%, from \$215 to \$225. The other rate increases are mostly minimal.

Description	Rate
Basic Tow	\$225.00 per tow
Service call where towing is found not to be necessary, for each period of fifteen (15) minutes, or portion thereof	
Class "A" regular duty tow-trucks:	\$56.25 per quarter hour
Class "B" medium duty tow-trucks:	\$107.50 per quarter hour
Class "C" heavy duty tow-trucks:	\$137.50 per quarter hour
Class "D" heavy duty tow-trucks:	\$150.00 per quarter hour
Extraordinary Services Tows	
Class "A" regular duty tow-trucks:	\$225/hr.
Class "B" medium duty tow-trucks:	\$430/hr.
Class "C" heavy duty tow-trucks:	\$550/hr.
Class "D" heavy duty tow-trucks:	\$550/hr.
Storage fee for passenger vehicles, motorcycles, vans and light trucks (per day).	

Per Space, Outside	\$90.00
Per Space, Indoors	\$95.00
After Hours Gate Fee - for the release of a vehicle one hour after SCPD desk closes until the desk reopens.	\$85.00
Recreational Vehicle, Motor Home (on wheels), and Cab-Over Camper	\$1500.00 flat fee each

The Agreements also require that the Contractor shall display in its place of business in clear view of all patrons and in language acceptable to the Chief of Police, the following:

- A listing of the Tow Rates and Fees;
- A listing of the Gate Fee and when it can be charged;
- A listing of the Lien Sale Application Fee and when it can be charged;
- The name and telephone number of the S.C.P.D. Tow Liaison.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of a California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

The City of Santa Clara Municipal Fee Schedule currently charges \$145 per Tow Driver Application, plus fingerprinting. In addition, there is an annual \$47 renewal fee. The elimination of the annual renewal fee for tow driver's has less than a \$500 impact in revenue to the General Fund.

The maximum compensation paid to each Contractor for towing of RVs shall not exceed \$50,000 over the entire term of the contract (5 years), subject to City Council budget appropriations.

COORDINATION

This report has been coordinated with the Finance Department, Police Department, and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Approve and authorize the City Manager to execute an Agreement for towing services with Finish Line Towing Incorporated, Lima Towing, and Unique Towing;
2. Authorize the City Manager to add a tow service operator(s) at any time during the term of the Agreement using a substantially similar form of agreement; and
3. Authorize the City Manager to make minor modifications to the Agreement, including rate adjustment(s), if necessary, subject to the appropriation of funds.

4. Adopt a resolution to amend the 2018-19 Municipal Fee Schedule to eliminate the annual Tow Driver Renewal Fee, adopt new tow fees and charges, and authorize annual Consumer Price Index adjustments of these tow fees and charges.

Reviewed by: Michael J. Sellers, Chief of Police

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement with Finish Line Towing Incorporated
2. Agreement with Lima Towing
3. Agreement with Unique Towing
4. Resolution Amending the 2018-19 Municipal Fee Schedule to Eliminate the Tow Driver Renewal Fee and adopting new tow fees and charges and an annual CPI escalator