

**THIS PRINT COVERS CALENDAR ITEM NO.: 10.5**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Streets

**BRIEF DESCRIPTION:**

Authorizing the Director of Transportation to execute the Tenth Amendment to SFMTA contract No. 2014-48 with TEGSCO, LLC, for towing and storage services for abandoned and illegally parked vehicles, to extend the term by nine months with up to six additional one-month extensions through June 30, 2027, and to increase the contract amount by \$22.1 million, for a total not-to-exceed amount of \$158.8 million, to fund the extended term, subject to approval by the Board of Supervisors under Charter Section 9.118; and recommending that the Board of Supervisors approve the Tenth Amendment pursuant to that authority.

**SUMMARY:**

- In 2016, the SFMTA entered contract No. 2014-48 (contract) with TEGSCO, LLC for towing and storage services for abandoned and illegally parked vehicles in the City. The contract had a five-year term, valued at \$65.4 million, with an option to extend for another five years.
- In 2021, the SFMTA exercised the option and extended the term through March 2026 and added \$22.8 million to fund the first two years of the extension. Funding for the final three years was deferred due to the COVID-19 emergency to allow time to assess post-pandemic towing needs.
- Subsequent amendments increased the total contract amount to \$121.4 million in 2022 (funding through March 2025) and to \$136.7 million in 2025 (funding through March 2026).
- The tow program is limited by cost-recovery laws to charging owners of towed vehicles no more than the actual cost to the agency. In recent years, because of both increased costs and the implementation of several waiver programs the agency is not recouping all program costs but is spending about \$8 million to run the tow program. To allow time to fully explore various cost-saving options, staff proposed extending the contract by up to 15 months to explore a cost-saving solicitation for the next contract.
- The proposed Tenth Amendment would increase the contract amount by \$22.1 million to fund the extended term up to 15 months and cover higher insurance costs that Caltrans imposed on the SFMTA's lease for the Primary Storage Facility.
- Board of Supervisors approval is required under Charter Section 9.118 because the amendment would increase the contract amount by more than \$500,000.

**ENCLOSURES:**

1. SFMTAB Resolution
2. Tenth Amendment

**APPROVALS:**

DIRECTOR

*Judson Truse*

SECRETARY

*Chilisa*

**DATE**

October 2, 2025

October 2, 2025

**ASSIGNED SFMTAB CALENDAR DATE:** October 7, 2025

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## **PURPOSE**

Authorizing the Director of Transportation to execute the Tenth Amendment to SFMTA Contract No. 2014-48 with TEGSCO, LLC, for towing and storage services for abandoned and illegally parked vehicles, to extend the term by nine months with up to six additional one-month extensions through June 30, 2027, and to increase the contract amount by \$22.1 million, for a total not-to-exceed amount of \$158.8 million, to fund the extended term, subject to approval by the Board of Supervisors under Charter Section 9.118; and recommending that the Board of Supervisors approve the Tenth Amendment pursuant to that authority.

## **STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES**

This action supports the following SFMTA Strategic Plan Goals:

Goal 4: Make streets safer for everyone.

This action also supports the City's Transit First Policy with the following principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

## **DESCRIPTION**

### **Tow Program Background**

The City's towing program is essential to public safety and traffic management. It helps clear vehicles involved in crashes and crimes, removes abandoned or illegally parked vehicles, and addresses other hazards that block streets or disrupt transit operations.

State law limits what local agencies can charge for towing and related services, requiring programs to operate on a cost-recovery basis. In compliance with these provisions, the SFMTA structures its towing program to recover actual costs, including enforcement, storage, contract administration, and other program expenses. In recent years, because of both increased costs and the implementation of several waiver programs the agency is not recouping all program costs but is rather spending about \$8 million to run the tow program.

Recent vendor contracts for towing services have included costs split into two buckets: 1) a fixed monthly fee for management, customer-service staffing, IT services and software licenses, back-office staff, etc. and 2) variable, per-tow fees, that fluctuate month-to-month based on the actual number of tows conducted. This is different than prior contracts where management and overhead costs were rolled up within a per-tow fee. The current structure is preferred because it removed an incentive whereby the vendor made more money the more vehicles they towed.

In addition to the contract-format change, the agency has adopted other customer-friendly policies and procedures, including the text-before-tow program and fee waiver for vehicles

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towed for the first time. To promote equity, the SFMTA's tow program offers fee reductions and waivers for eligible low-income and unhoused vehicle owners. While these policies promote customer service and improve access and fairness, they also limit the program's ability to fully recover its costs. Over the last two fiscal years, running the tow program has cost the agency \$8-\$9 million annually.

**Contract with TEGSCO, LLC and Facility Operations**

TEGSCO, LLC (TEGSCO) operates the City's tow and vehicle storage services under SFMTA Contract No. 2014-48, which was awarded in April 2016 through SFMTA Board Resolution No. 16-024 and Board of Supervisors Resolution No. 99-16.

Through this contract, TEGSCO supports the SFMTA, San Francisco Police Department (SFPD), and Department of Public Health by removing vehicles involved in crimes, crashes, and other hazardous situations, and by towing and storing abandoned and illegally parked vehicles.

TEGSCO oversees a network of subcontracted tow operators and coordinates all towing services citywide. It also manages customer service, payments, lien sales for unclaimed vehicles, and vehicle retrievals. In FY2025, TEGSCO's subcontractors towed about 38,744 vehicles.

TEGSCO operates two key facilities under license agreements with the SFMTA: the Primary Storage Facility at 450 7th Street, which includes a 24/7 customer service center, and the Long-Term Storage Facility at 2650 Bayshore Boulevard, which offers full service to customers 8 am – 5 pm on weekdays and coordinates vehicle releases 24/7. The SFMTA leases both properties from third-party landlords and grants TEGSCO license rights for their use, as required under the contract.

The Primary Storage Facility at 450 7<sup>th</sup> Street is located on property owned by the State of California, acting through its Department of Transportation (Caltrans). On October 1, 2016, the City, as tenant, entered an SF Parking Airspace Lease with Caltrans to use this site. That same day, the SFMTA granted TEGSCO a Revocable License to Enter and Use Property (7<sup>th</sup> Street License), requiring TEGSCO to operate the Primary Storage Facility under the contract.

**Reimbursement for Increased Insurance Costs at Primary Storage Facility**

On November 11, 2024, Caltrans notified the SFMTA of revised insurance requirements for continued use of the 7<sup>th</sup> Street site as the Primary Storage Facility. The updated requirements increased the general liability coverage (including umbrella) from \$5 million to \$20 million. This change is understood to be part of a broader shift in Caltrans' leasing practices following a fatal accident on Caltrans-owned property in Los Angeles, which prompted the agency to reassess its risk exposure and adopt more stringent insurance requirements for high-risk or operational sites across the state.

On June 24, 2025, the SFMTA and TEGSCO amended the 7th Street License to incorporate

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these new Caltrans-imposed insurance terms, with TEGSCO responsible for obtaining and maintaining the increased coverage.

The cost to TEGSCO for the additional coverage is about \$212,500 per year. This increase will be paid by the SFMTA because mid-year cost increases are only incorporated into the fees paid by customers every other year during the budget cycle. SFMTA decision to absorb the cost increase reflects the agency's role as lessee of the property and its commitment to maintaining stable, compliant operations under lease terms imposed by the State. Neither the SFMTA nor TEGSCO could have reasonably anticipated this change at the time the contract was awarded.

### **Prior Contract Amendments**

The contract has undergone 10 amendments, including seven administrative amendments and three major amendments affecting the term and funding. Note that two separate amendments executed in 2016 and 2017 were each labeled the "First Amendment."

#### Administrative Amendments

- **First Amendment (2016):** Incorporated the 7<sup>th</sup> Street License for use of the Primary Storage Facility under the contract.
- **First Amendment (2017):** Revised procedures for SFPD investigative holds.
- **Second Amendment (2019):** Modified specific service requirements to improve operational efficiency within the towing program.
- **Fourth Amendment (2021):** Updated the contract to reflect TEGSCO's transition from operating under the "doing business as" name San Francisco AutoReturn to its legal name, TEGSCO, LLC.
- **Fifth Amendment (2022):** Granted TEGSCO access to confidential City databases to verify eligibility for income-based tow fee reductions and waivers, supporting the City's tow fee-reduction program for low-income individuals.
- **Sixth Amendment (2022):** Introduced an internet-based auction platform as an alternative or supplement to traditional in-person auctions.
- **Eighth Amendment (2023):** Provided for the temporary relocation of the Primary Storage Facility to a nearby location in the South of Market neighborhood to allow Caltrans to perform structural maintenance and painting at the 7<sup>th</sup> Street location.

#### Extension and Funding Amendments

- **Third Amendment (2021):** Exercised the contract's five-year extension option during the COVID-19 pandemic but requested additional funding for only the first two years (2021-2023). This amendment increased the contract amount by \$22.8 million, raising the

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not-to-exceed amount of \$88.2 million.

The request for funding for the last three years of the contract term was intentionally deferred due to the uncertainties of the COVID-19 emergency and the need to reassess the City’s towing policy and funding requirements during the recovery period. A program study submitted to the Board of Supervisors in June 2022 identified the need for further spending authority and funding to support continued tow operations as the City emerged from the pandemic.

- **Seventh Amendment (2023):** Increased the contract amount by \$33.2 million, to a total not-to-exceed amount of \$121.4 million. This funding was intended to cover services through the end of calendar year 2024 and allow continued operations into early 2025, through March. As part of this amendment, staff committed to providing updates to the Board of Supervisors’ Budget and Finance Committee on program progress and policy reassessment, with the understanding that a future request for funding would be needed to support services through the final year of the contract.
- **Ninth Amendment (2025):** Increased the contract amount by \$15.3 million, for a total not-to-exceed amount of \$136.7 million. This funding was intended to cover services through March 2026, the end of the contract term.

**Contract Budget History**

<b>Contract Document</b>	<b>Budget</b>	<b>Years</b>	<b>Cumulative Budget</b>
Agreement (2016)	\$65.4 million	5	\$65.4 million
Third Amendment (2021)	\$22.8 million	2	\$88.2 million
Seventh Amendment (2023)	\$33.2 million	2	\$121.4 million
Ninth Amendment (2025)	\$15.3 million	1	\$136.7 million

The SFMTA had planned to complete a new Request for Proposals (RFP) process during 2025, including preparing and issuing the solicitation, selecting a vendor, and negotiating a new contract to take effect on April 1, 2026. In the process of preparing the RFP, SFMTA determined there may be opportunities to reduce costs of running the program and to reduce fees charged to customers. To begin a full reassessment of the program and its costs, the Agency put out a Request for Information (RFI), discussed on page six of this staff report. Information from the RFI and other research will inform a new RFP that is anticipated to be published in the winter of 2026. In the meantime, the SFMTA is seeking a Tenth Amendment to extend the existing contract and allow for this process to take place.

**Proposed Tenth Amendment and Upcoming Procurement Process**

Purpose and Scope of the Tenth Amendment

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The proposed Tenth Amendment would extend the contract term by nine months, from April 1, 2026, through December 31, 2026, with up to six additional one-month extensions through June 30, 2027. The addition of the six, one-month optional extensions is a contingency to ensure the current contract lasts until a new, long-term contract takes effect. The Director of Transportation will have the authority to administratively approve the one-month extensions. It would also increase the contract not-to-exceed amount by \$22.1 million, bringing the total spending authority to \$158.8 million. This funding would cover continued towing and storage services during the extended term and offset increased insurance costs imposed by Caltrans under the SFMTA's lease for the Primary Storage Facility at 450 7<sup>th</sup> Street.

Given current SFMTA budget challenges, the agency requested that TEGSCO waive during the extension term the annual cost-of-living adjustments (COLA) included in the contract. TEGSCO agreed to waive these annual increases. Should the current contract stay in place for the full potential extension term of 15 months, the COLA waiver will save the agency \$471,000.

Beyond the COLA waiver, agency staff are actively working with TEGSCO and other stakeholders on potential policy and operational changes that could deliver additional expenditure savings within the tow program. If expenditure-saving changes are agreed to, staff will coordinate their implementation as soon as possible. If required, a new contract amendment will be drafted to memorialize any such changes.

### Rationale for Extension and Revised Procurement Approach

The term extension is necessary to allow staff sufficient time to conduct a revised competitive solicitation process focused on reducing costs and improving efficiency in the City's tow program. As of May 2025, program costs under the current contract total approximately \$1.3 million per month—comprised of a fixed monthly management fee of \$829,400 and variable costs of \$474,600 tied to the number of vehicles towed.

The tow program is limited by cost-recovery laws to charging owners of towed vehicles no more than the actual cost to the agency. In recent years, because of both increased costs and the implementation of several waiver programs the agency is not recouping all program costs but is rather spending about \$8 million to run the tow program.

The SFMTA had planned to complete a new RFP process within this timeframe, including preparing and issuing the solicitation, selecting a vendor, and negotiating a new contract to take effect on April 1, 2026. In the process of preparing the RFP, it became clear that it would be fiscally responsible to explore every opportunity to reduce costs of running the program and potentially reduce costs to customers.

To inform the next contract, the SFMTA conducted a market-sounding process through a Request for Information (RFI) to engage potential vendors on ways to reduce costs and improve operational efficiency.

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### Request for Information Process

On July 1, 2025, the SFMTA issued an RFI to the vendor community to solicit feedback on opportunities to reduce costs while maintaining service quality. The RFI asked vendors to evaluate the impact of various operational elements—such as operating hours, staffing levels, tow response-time requirements, and customer service metrics—on overall program costs.

Respondents were advised that the agency wishes to reduce the fixed monthly management cost under the next contract from the current level of approximately \$830,000 to \$700,000. Vendors were asked to respond to sixteen specific questions by July 29, 2025. Staff are reviewing all responses to help inform the structure and scope of the upcoming RFP.

### Request for Proposals Development, Review, and Transition Timeline

Following the RFI review, staff will draft a new RFP for presentation to the SFMTA Board of Directors in winter of 2026. Based on past experience, a comprehensive RFP process—including development, release, evaluation, award, and contract negotiation—can take up to one year. Additionally, if a new vendor is selected, system integrations (e.g., with enforcement and citation-processing software) could require up to six months before the vendor is fully operational.

For this reason, the proposed Tenth Amendment requests a contract extension of up to 15 months, through June 30, 2027, to ensure uninterrupted service while the SFMTA completes its procurement process and transitions to a new long-term contract.

## **STAKEHOLDER ENGAGEMENT**

Tow Program staff communicate regularly with various stakeholders, including SFMTA staff in the Enforcement, Administrative Hearings, and Customer Service groups, as well as staff at SFPD and the Human Services Agency. Tow program staff solicit feedback and work to confirm these stakeholders are receiving effective service from both in-house Tow Program staff and contractor staff. Over the years, this input has led to meaningful improvements to the program.

For example, based on stakeholder feedback, the SFMTA has established waiver and discount programs to reduce the financial burden of tows and storage for people experiencing homelessness and other low-income individuals.

Moreover, as detailed above, staff on July 1, 2025, issued a Request for Information (RFI) to the vendor community seeking input on the current tow-program scope of services. The goal of the RFI process is to work collaboratively with the potential vendor community to develop a retooled scope of services that maintains a high level of program service while also reducing program expenses.

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## **ALTERNATIVES CONSIDERED**

Staff considered the following alternatives:

### **1. Allow the contract to lapse at the current funding cap**

This alternative would end all towing services provided under the current contract once available funds are exhausted. This is not viable. Tow operations are essential for public safety, traffic management, and clearing the public right-of-way of abandoned or illegally parked vehicles. Disruptions to service would create immediate public safety risks, degrade traffic flow, and hinder SFPD operations related to accidents, crimes, and stolen vehicles.

### **2. Reprocure the contract immediately based on the existing scope of services**

Staff considered issuing a new RFP under the current scope of services, without completing a cost-reduction analysis. However, this would likely result in higher long-term costs. The current scope reflects prior policy-driven expansions in service (e.g., fee waivers, text alerts, customer support requirements) that may be unsustainable under current budget constraints. Proceeding with an immediate RFP would also risk excluding smaller or more cost-efficient vendors that need time to prepare. Moreover, issuing an RFP prior to gathering vendor feedback gathered through the July 2025 RFI process is not advisable.

### **3. Issue a short-term bridge contract with a different vendor**

This alternative was deemed impractical. A temporary vendor would still require extensive technical integrations, staffing, and facility readiness to operate within City systems and could not be expected to meet service expectations for such a short term. Transitioning vendors twice within a 15-month period would increase administrative burden and could reduce service quality.

## **FUNDING IMPACT**

The projected contract expenditures for FY25-26 and FY26-27 are detailed within the table below. Funding for the first three quarters of FY25-26 was authorized with the Ninth Amendment. The proposed Tenth Amendment would provide additional contract authority to cover contract services provided during the fourth quarter of FY25-26 and throughout the full FY26-27. Funding to support the additional requested contract authority for the fourth quarter of FY25-26 is available within the adopted annual operating budgets for FY25-26. Funding



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required for FY26-27 will be requested within the agency’s overall budget request that will be submitted to the SFMTA Board of Directors in 2026.

Contract Costs	Approved within Ninth Amendment	Requested within Proposed Tenth Amendment		
	FY25-26 (Q1-Q3)	FY25-26 (Q4)	FY26-27	Total Request
<i>Fixed Management Fees</i> 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
<i>Variable Fees</i> 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

*\*Note: Additional spending authority requested for Q4 FY25-26 will cover additional costs, including the increased insurance costs detailed earlier in this report, incurred earlier in the year, thus they appear higher on a per-month basis.*

Please note that the total \$22.1 million in additional contract authority requested within the Tenth Amendment includes about \$19.9 million plus an additional \$2.2 million in contingency. The \$19.9 million over 15 months represents a continuation of recent actual contract expenditures of about \$1.33 million per month. The contingency within the total \$22.1 million request is needed because actual contract usage is variable. The number of tows conducted each month moves up and down in response to requests. To ensure that the contract includes enough spending authority to cover the possibility of increased tow volume, the contingency amount is required.

**ENVIRONMENTAL REVIEW**

On August 22, 2025, the SFMTA, under authority delegated by the Planning Department, the Tenth 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).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference,

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

All amendments to the Contract that seek to increase the contract amount by more than \$500,000 require approval of the Board of Supervisors under Section 9.118 of the San Francisco Charter.

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The City Attorney's Office has reviewed this calendar item.

**RECOMMENDATION**

Staff recommends that the SFMTA Board of Directors authorize the Director of Transportation to execute the Tenth Amendment to SFMTA Contract No. 2014-48 with TEGSCO, LLC, for towing and storage services for abandoned and illegally parked vehicles, to extend the term by nine months with up to six additional one-month extensions through June 30, 2027, and to increase the contract amount by \$22.1 million, for a total not-to-exceed amount of \$158.8 million, to fund the extended term, subject to approval by the Board of Supervisors under Charter Section 9.118; and recommend that the Board of Supervisors approve the Tenth Amendment pursuant to that authority.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

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 maintain available legal parking spaces, support smooth traffic and transit flow, and assist the San Francisco Police Department in handling vehicles involved in traffic incidents and criminal activities; and,

WHEREAS, Since the Contract was initially approved, 10 amendments have been made, each to ensure the effective operation of the City's towing program and address its evolving needs; and,

WHEREAS, The first two amendments were each labeled the "First Amendment"; the First Amendment (2016) added the "7th Street License" between TEGSCO and the SFMTA for TEGSCO's use of the property at 450 7th Street—which the SFMTA leases from the California Department of Transportation (Caltrans)—as the "Primary Storage Facility" under the Contract, and the First Amendment (2017) revised procedures for SFPD investigative holds; and,

WHEREAS, The Second Amendment (2019) modified certain service requirements to enhance the efficiency of towing operations; and,

WHEREAS, The Third Amendment (2021) exercised the five-year extension option, extending the contract term through March 31, 2026, and increased the contract amount by \$22.8 million, for a total not-to-exceed amount of \$88.2 million, to fund the first two years of the extension; funding for the remaining three years of the extended term was deferred due to the COVID-19 emergency to allow time to reassess the City's towing policy and funding needs as it recovered from the pandemic; and,

WHEREAS, The Fourth Amendment (2021) 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 (2022) 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 (2022) 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 (2023) increased the contract amount by \$33.2 million, for a total not-to-exceed amount of \$121.4 million, to fund 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 (2023) provided for the temporary relocation of the Primary Storage Facility from its location at 450 7th Street to accommodate Caltrans' structural painting project and other necessary work at the property; and,

WHEREAS, The Ninth Amendment (2025) increased the contract amount by \$15.3 million, for a total not-to-exceed amount of \$136.7 million, to fund the extended term through March 2026; and,

WHEREAS, On November 11, 2024, Caltrans notified the SFMTA of revised insurance requirements for continued use of the 7th Street site as the Primary Storage Facility, increasing the general liability coverage (including umbrella) from \$5 million to \$20 million, as part of a broader shift in Caltrans' leasing practices following a fatal accident on Caltrans-owned property in Los Angeles; and,

WHEREAS, On June 24, 2025, the SFMTA and TEGSCO amended the 7th Street License to incorporate these new Caltrans-imposed insurance terms, with TEGSCO responsible for obtaining and maintaining the increased coverage; and,

WHEREAS, TEGSCO estimated the cost of the additional coverage at approximately \$200,000 per year, and added costs are only passed on in subsequent years after updated cost-recovery calculations are completed; and,

WHEREAS, To ensure uninterrupted tow operations at this critical facility and avoid exposing TEGSCO to unanticipated costs beyond the original contract scope, the SFMTA determined it would reimburse TEGSCO for these additional insurance expenses, reflecting the agency's role as lessee of the property and its commitment to maintaining stable, compliant operations under lease terms imposed by the State that neither the SFMTA nor TEGSCO could have reasonably anticipated at the time the contract was awarded; and,

WHEREAS, The tow program is limited by cost-recovery laws to charging owners of towed vehicles no more than the actual cost to the SFMTA; in recent years, because of both increased costs and the implementation of several waiver programs, the SFMTA is not recouping all program costs but is rather spending about \$8 million to run the tow program; and,

WHEREAS, To allow time to fully explore various cost-saving options, staff proposed extending the contract by up to 15 months to explore a cost-saving solicitation for the next contract; and,

WHEREAS, The proposed Tenth Amendment would increase the contract amount by \$22.1 million, for a total not-to-exceed amount of \$158.8 million, to fund the extended term and cover higher insurance costs that Caltrans imposed on the SFMTA's lease for the Primary Storage Facility; and,

WHEREAS, Given current SFMTA budget challenges, TEGSCO agreed to waive—during the extended term—annual cost-of-living adjustments (COLA) provided for in the Contract; should the current Contract stay in place for the full, potential extended term of 15 months, the COLA waiver will save the agency \$471,000; and,

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

WHEREAS, On August 22, 2025, the SFMTA, under authority delegated by the Planning Department, determined the Tenth 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 San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to execute the Tenth Amendment to SFMTA Contract No. 2014-48 with TEGSCO, LLC, for towing and storage services for abandoned and illegally parked vehicles, to extend the term by nine months with up to six additional one-month extensions through June 30, 2027, and to increase the contract amount by \$22.1 million, for a total not-to-exceed amount of \$158.8 million, to fund the extended term, subject to approval by the Board of Supervisors under Charter Section 9.118; and, be it further

RESOLVED, that the San Francisco Municipal Transportation Agency Board of Directors recommends that the Board of Supervisors approve the Tenth Amendment pursuant to that authority.

I certify that the foregoing resolution was adopted by the SFMTA Board of Directors at its meeting of October 7, 2025.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency

**City and County of San Francisco  
Municipal Transportation Agency  
One South Van Ness Ave., 7<sup>th</sup> Floor  
San Francisco, California 94103**

**Tenth Amendment  
Contract No. 2014-48**

THIS TENTH AMENDMENT (Amendment) is made as of \_\_\_\_\_ in San Francisco, California, by and between TEGSCO, LLC (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA). (Contractor and City, each a “Party” and collectively the “Parties”).

**Recitals**

- A. The Parties have entered into the Agreement (as defined below).
- B. The Parties desire to modify the Agreement on the terms and conditions set forth herein to:
  - (1) extend the term by nine months, with the option for up to six additional one-month extensions, for a maximum term through June 30, 2027; (2) increase the contract amount by \$22.1 million to compensate Contractor for the extended term and added costs of complying with new insurance requirements imposed by the California Department of Transportation (Caltrans), as the SFMTA’s landlord, on the Primary Storage Facility, for a revised not-to-exceed amount of \$158.8 million; (3) incorporate by reference Amendment no. 1 to the 7th Street License, which governs Contractor’s use of the Primary Storage Facility and was amended to implement the new insurance requirements; (4) revise Appendix B (Calculation of Charges) to increase the Monthly Management Fee to reflect Contractor’s cost of complying with the new insurance requirements and eliminate the annual CPI-based adjustments to Contractor’s fees; (5) revise Appendix A (Statement of Services) to incorporate changes made during the term of the Agreement; and (6) update standard contractual clauses.
- C. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through a Request for Proposals (RFP), and this Amendment is consistent with the terms of the RFP and the awarded Agreement.
- D. This is a contract for Services. There is a Local Business Enterprise (LBE) subcontracting commitment of 20% and this Amendment is consistent with that requirement.
- E. This Agreement is for towing services under Proposition J (as defined by the 2023 PSC Policy of the Civil Service Commission) and, as such, is exempt from Civil Service Commission review.

F. The SFMTA has filed Ethics Form 126f4 (Notification of Contract Approval) because this Agreement, as amended herein, has a value of \$100,000 or more in a fiscal year and required the approval of City's Board of Supervisors.

NOW, THEREFORE, Contractor and the City agree as follows:

## **Article 1      Definitions**

The following definitions shall apply to this Amendment:

**1.1 Agreement.** The term "Agreement" shall mean the Agreement dated April 1, 2016, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,

First Amendment, dated November 17, 2017,

Second Amendment, dated July 1, 2019,

Third Amendment, dated April 1, 2021,

Fourth Amendment, dated April 11, 2022,

Fifth Amendment, dated April 12, 2022,

Sixth Amendment, dated June 17, 2022,

Seventh Amendment, dated November 2022,

Eighth Amendment, dated May 22, 2023, and

Ninth Amendment dated May 6, 2025.

**1.2 Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

## **Article 2      Modifications to the Agreement**

The Agreement is modified as follows:

**2.1 Article 2: Term of the Agreement.** Article 2 of the Agreement currently reads as follows:

**2.1** The term of this Agreement shall commence on April 1, 2016, and expire March 31, 2026, unless earlier terminated as otherwise provided herein.

Article 2 is amended to read as follows:

**2.1** The term of this Agreement shall commence on April 1, 2016, and expire on December 31, 2026, unless earlier terminated as otherwise provided herein.

**2.2** The SFMTA may extend the term of this Agreement for up to six additional one-month extensions without modifying the Agreement's terms and conditions. Each extension may be exercised by written notice to Contractor signed by the Director of Transportation. No formal amendment is required to exercise these options, so long as the pricing for the extension period(s) is as set forth in Appendix B to this Agreement.

**2.2 Section 3.3.1: Payment.** Section 3.3.1 of the Agreement currently reads as follows:

**3.3.1 Payment.** Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for Services identified in the invoice that the SFMTA's designee, in his or her sole discretion, concludes have been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed \$136,700,000 (One Hundred Thirty-Six Million Seven Hundred Thousand Dollars). The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments.

Section 3.31 is amended to read as follows:

**3.3.1 Payment.** Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for Services identified in the invoice that the SFMTA's designee, in their sole discretion, concludes have been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed \$ \$158,800,00 (One Hundred Fifty-Eight Million Eight Hundred Thousand Dollars). The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments.

**2.3 Section 4.3: Designated Facilities.** Section 4.3 of the Agreement currently reads as follows:

**4.3 Designated Facilities.** Contractor shall perform the Services required under this Agreement at the Long-term and Primary Storage Facilities and, if so requested by City, at one or more Temporary Storage Facilities, all of which shall be located on premises designated by City.



4.3.1 Long-term Storage Facility. As of the Effective Date of this Agreement, the City has designated 2650 Bayshore Boulevard, Daly City, California as the site of the Long-term Storage Facility. Contractor shall operate the Long-term Storage Facility from 2560 Bayshore Boulevard in accordance with the terms and conditions of the “2650 Bayshore License,” attached as Appendix D to the Agreement (dated April 1, 2016) and incorporated by reference as though fully set forth herein. At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Long-term Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order issued under Section 4.1.2 and license agreement with terms and conditions substantially similar to the 2650 Bayshore License.

4.3.2 Primary Storage Facility. As of the Effective Date of this Agreement, the City designates 450 7th Street, San Francisco, California as the site of the Primary Storage Facility. As of October 1, 2016, Contractor shall operate the Primary Storage Facility from 450 7th Street in accordance with the terms and conditions of the Revocable License to Enter and Use Property at 450 7th Street (“the 7th Street License”), attached as Appendix F to the Second Amendment and incorporated by reference as though fully set forth herein. At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Primary Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order, issued under Section 4.1.2, and license agreement with terms and conditions substantially similar to the 7th Street License.

4.3.3 Temporary Storage Facility. The parties acknowledge that on-site structural painting or other work by Caltrans at the Primary Storage Facility may require that Contractor relocate—temporarily or for the remainder of the Agreement’s term—all or part of Contractor’s towing- and storage-related operations to one or a Temporary Storage Facilities. In such case, Contractor agrees to (i) execute with the City a license agreement for the Temporary Storage Facility, which shall have terms and conditions substantially similar to the 2650 Bayshore License and 7th Street License; and (ii) relocate all or part of Contractor’s towing- and storage-related operations in accordance with a task order the City issues under Section 4.1.2, the terms of which Contractor agrees to negotiate with the City in good faith.

Section 4.3 is amended to read as follows:

**4.3 Designated Facilities.** Contractor shall perform the Services required under this Agreement at the Long-term and Primary Storage Facilities and, if so

requested by City, at one or more Temporary Storage Facilities, all of which shall be located on premises designated by City.

#### **4.3.1 Long-term Storage Facility.**

- (a) As of the Effective Date of this Agreement, the City has designated 2650 Bayshore Boulevard, Daly City, California as the site of the Long-term Storage Facility. Contractor shall operate the Long-term Storage Facility from 2560 Bayshore Boulevard in accordance with the terms and conditions of the “2650 Bayshore License,” attached as Appendix D to the Agreement (dated April 1, 2016) and incorporated by reference as though fully set forth herein.
- (b) At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Long-term Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order issued under Section 4.1.2 and license agreement with terms and conditions substantially similar to the 2650 Bayshore License.

#### **4.3.2 Primary Storage Facility.**

- (a) Effective October 1, 2016, the City, as tenant, entered into an SF Parking Airspace Lease (“Lease”) with the State of California, acting by and through its Department of Transportation (“Caltrans”), as landlord, for use of the property located at 450 7th Street, San Francisco, California. As of the Effective Date of this Agreement, the City designates 450 7th Street as the site of the Primary Storage Facility. As of October 1, 2016, Contractor shall operate the Primary Storage Facility from 450 7th Street in accordance with the terms and conditions of the Revocable License to Enter and Use Property at 450 7th Street, (“the 7th Street License”), which was attached as Appendix F to the First Amendment, dated October 1, 2016, and is incorporated by reference as though fully set forth herein.
- (b) On November 11, 2024, Caltrans notified the City that new insurance requirements for 450 7th Street would take effect on February 1, 2025. A copy of this notice is attached to this Amendment as Exhibit 4 and is incorporated herein by

reference. To implement these requirements and assign responsibility for the associated costs to the Contractor, the Parties executed Amendment No. 1 to the Revocable License Agreement to Enter and Use Property by and between the City and County of San Francisco and TEGSCO LLC, which is attached to this Amendment as Exhibit 3 and incorporated into the Agreement by reference.

- (c) At any time during the term of this Agreement, City may, at its sole discretion, designate a new facility to serve as the Primary Storage Facility, and may require Contractor to relocate to that facility in accordance with a corresponding task order, issued under Section 4.1.2, and license agreement with terms and conditions substantially similar to the 7th Street License.

**4.3.3 Temporary Storage Facility.** The Parties acknowledge that on-site structural painting or other work by Caltrans at the Primary Storage Facility may require that Contractor relocate—temporarily or for the remainder of the Agreement’s term—all or part of Contractor’s towing- and storage-related operations to one or a Temporary Storage Facilities. In such case, Contractor agrees to (a) execute with the City a license agreement for the Temporary Storage Facility, which shall have terms and conditions substantially similar to the 2650 Bayshore License and 7th Street License; and (b) relocate all or part of Contractor’s towing- and storage-related operations in accordance with a task order the City issues under Section 4.1.2, the terms of which Contractor agrees to negotiate with the City in good faith.

**2.4 Appendix A: Statement of Services.** Appendix A is revised to incorporate changes made to the scope of the Services during the term of the Agreement and is attached to this Amendment as Exhibit 1 (Appendix A, Statement of Services – Revised (June 24, 2025)).

**2.5 Appendix B: Calculation of Charges.** Appendix B is revised to increase the Monthly Management Fee to reflect the updated insurance requirements and is attached to the Amendment as Exhibit 2 (Appendix B, Calculation of Charges – Revised (June 24, 2025)).

### **Article 3 Updates of Standard Terms to the Agreement**

The Agreement is modified as follows:

**3.1 Article 1: Definitions.** Sections 1.14 and 1.15 are replaced in their entirety to read as follows:

**1.14 “City Data”** means that data as described in Article 14 of this Agreement, which includes, without limitation, all data collected, used, maintained, processed, stored, or generated by or on behalf of the City in connection with this Agreement. City Data includes, without limitation, Confidential Information.

**1.15 “Confidential Information”** means confidential City information including, but not limited to, personal-identifiable information (PII), protected health information (PHI), or individual financial information (collectively, “Proprietary or Confidential Information”) that is subject to local, state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 et seq.); the California Confidentiality of Medical Information Act (Civil Code § 56 et seq.); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of part 164); and San Francisco Administrative Code Chapter 12M (Chapter 12M). Confidential Information includes, without limitation, City Data.

**3.2 Section 4.2: Personnel.** Section 4.2 of the Agreement is replaced in its entirety to read as follows:

**4.2 Qualified Personnel.** Contractor represents and warrants that it is qualified to perform the Services required by City, and that all Services will be performed by competent personnel with the degree of skill and care required by current and sound professional procedures and practices. Contractor will comply with City’s reasonable requests regarding assignment and/or removal of personnel, but all personnel, including those assigned at City’s request, must be supervised by Contractor. Contractor shall commit sufficient resources for timely completion within the project schedule.

**3.3 Section 4.6: Assignment.** Section 4.6 of the Agreement is replaced in its entirety to read as follows:

**4.6 Assignment.** The Services to be performed by Contractor are personal in character. This Agreement may not be directly or indirectly assigned, novated, or otherwise transferred unless first approved by the SFMTA by written instrument executed and approved as required under City law, the SFMTA Delegation Policy, as amended, and applicable SFMTA policies. Any purported assignment made in violation of this provision shall be null and void.

**3.4 Section 11.3.** Section 11.3 of the Agreement is replaced in its entirety to read as follows:

**11.3 (Reserved)**

**3.5 Section 11.14: Notification of Legal Requests.** A new Section 11.14 is added to the Agreement to read as follows:

**11.14 Notification of Legal Requests.** Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests (Legal Requests) related to any City Data under this Agreement, and in no event later than 24 hours after Contractor receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City’s instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

**3.6 Article 14: Data and Security.** Article 14 is replaced in its entirety to read as follows:

**14.1 Nondisclosure of Private, Proprietary or Confidential Information**

**14.1.1 Protection of Private Information.** If this Agreement requires City to disclose “Private Information” to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

**14.1.2 City Data; Confidential Information.** In the performance of Services, Contractor may have access to, or collect on City’s behalf, City Data, which may include proprietary or Confidential Information that if disclosed to third parties may damage City. If City discloses proprietary or Confidential Information to Contractor, or Contractor collects such information on City’s behalf, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or Confidential Information.

**14.2 Payment Card Industry (PCI) Requirements.** Contractors providing services and products that handle, transmit or store cardholder data, are subject to the following requirements:

**14.2.1** Applications shall be compliant with the Payment Application Data Security Standard (PA-DSS) and validated by a Payment Application Qualified Security Assessor (PA-QSA). A Contractor whose application has achieved PA-DSS certification must then be listed on the PCI Councils list of PA-DSS approved and validated payment applications.

**14.2.2** Gateway providers shall have appropriate Payment Card Industry Data Security Standards (PCI DSS) certification as service providers (<https://www.pcisecuritystandards.org/index.shtml>). Compliance with the PCI DSS shall be achieved through a third-party audit process. Contractor shall comply with Visa Cardholder Information Security Program (CISP) and MasterCard Site Data Protection (SDP) programs.

**14.2.3** For any Contractor that processes PIN Debit Cards, payment card devices supplied by Contractor shall be validated against the PCI Council PIN Transaction Security (PTS) program.

**14.2.4** For items 13.2.1 to 13.2.3 above, Contractor shall provide a letter from their qualified security assessor (QSA) affirming their compliance and current PCI or PTS compliance certificate.

**14.2.5** Contractor shall be responsible for furnishing City with an updated PCI compliance certificate thirty (30) calendar days prior to its expiration.

**14.2.6 Bank Accounts.** Collections that represent funds belonging to the City and County of San Francisco shall be deposited, without detour to a third party's bank account, into a City and County of San Francisco bank account designated by the Office of the Treasurer and Tax Collector.

### **14.3 Reserved. (Business Associate Agreement)**

### **14.4 Management of City Data**

**14.4.1 Use of City Data.** Contractor agrees to hold City Data received from, or created or collected on behalf, of the City, in strictest confidence. Contractor shall not use or disclose City Data except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work by Contractor or its authorized subcontractors using, or sharing or storage of, City Data outside the United States is prohibited, absent prior written authorization by the City. Access to City Data must be strictly controlled and limited to Contractor's staff assigned to this project on a need-to-know basis only. City Data shall not be distributed, repurposed or shared across other applications, environments, or business units of Contractor. Contractor is provided a limited non-exclusive license to use the City Data solely for performing its obligations

under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data by Contractor, subcontractors or other third-parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data and/or machine learning from the data, stored or transmitted by the service, for unrelated commercial purposes, advertising or advertising-related purposes, or for any purpose that is not explicitly authorized other than security or service delivery analysis.

**14.4.2 Disposition of City Data.** Upon request of City or termination or expiration of this Agreement, Contractor shall promptly, but in no event later than 30 Days, return all City Data given to, or collected or created by Contractor on City's behalf, which includes all original media. Once Contractor has received written confirmation from City that City Data has been successfully transferred to City, Contractor shall within 10 Days clear or purge all City Data from its servers, any hosted environment Contractor has used in performance of this Agreement, including its subcontractors' environment(s), work stations that were used to process the data or for production of the data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within 5 Days of the purge. Secure disposal shall be accomplished by "clearing," "purging" or "physical destruction," in accordance with National Institute of Standards and Technology (NIST) Special Publication 800-88, or the most current industry standard.

**14.5. Ownership of City Data.** The Parties agree that as between them, all rights, including all intellectual property rights, in and to City Data and any derivative works of the City Data is the exclusive property of the City.

**14.6 Loss or Unauthorized Access to City's Data; Security Breach Notification.** Contractor shall comply with all applicable laws that require the notification to individuals in the event of unauthorized release of PII, PHI, or other event requiring notification. Contractor shall notify City of any actual or potential exposure or misappropriation of City Data (any "Leak") within twenty-four (24) hours of the discovery of such, but within twelve (12) hours if the Data Leak involved PII or PHI. Contractor, at its own expense, will reasonably cooperate with City and law enforcement authorities to investigate any such Leak and to notify injured or potentially injured parties. Contractor shall pay for the provision to the affected individuals of twenty-four (24) months of free credit monitoring services, if the Leak involved information of a nature reasonably necessitating such credit monitoring. The remedies and obligations set forth in this subsection are in addition to any other City may have. City shall conduct all media communications related to such Leak.

**14.7 Notification of Legal Requests.** Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests (Legal Requests) related to any City Data under this Agreement, and in no event later than 24 hours after Contractor receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

#### **Article 4 Effective Date**

Each of the modifications set forth in Articles 2 and 3 shall be effective on and after the date of this Amendment.

#### **Article 5 Legal Effect**

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.



IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

<b>CITY</b>	<b>CONTRACTOR</b>
<b>San Francisco Municipal Transportation Agency</b>	<b>TEGSCO, LLC</b>
_____ Julie Kirschbaum Director of Transportation	_____ Frank Mecklenburg CEO
Authorized By:  Municipal Transportation Agency Board of Directors	City Supplier Number: <b>0000048588</b>
Resolution No: _____	
Adopted: _____	
Attest: _____ Secretary to the Board	
Board of Supervisors	
Resolution No: _____	
Adopted: _____	
Attest: _____ Clerk of the Board	
Approved as to Form:	
David Chiu City Attorney	
By: _____ Isidro A. Jiménez	

Deputy City Attorney

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**Exhibits:**

Exhibit 1: Appendix A, Statement of Services – Revised (June 24, 2025)

- Exhibit 2: Appendix B, Calculation of Charges – Revised (June 24, 2025)
- Exhibit 3: Amendment No. 1 to Revocable License Agreement to Enter and Use Property by and between the City and County of San Francisco and TEGSCO LLC
- Exhibit 4: Caltrans Letter Dated November 11, 2024 – Notice of Updated Insurance Requirements and Policy Changes Under the Airspace Lease Program

**EXHIBIT 1**  
**APPENDIX A**  
**STATEMENT OF SERVICES – REVISED**  
**(JUNE 24, 2025)**

**APPENDIX A**  
**STATEMENT OF SERVICES – REVISED**  
**(June 26, 2025)**

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## DEFINITIONS

<b>Administrative Hold</b>	A hold placed on a vehicle impounded by SFPD whereby vehicle may be released only upon written authorization by the SFPD's Traffic Administration Unit. Examples include suspended license, false tags, and expired registration.
<b>Agreement or Contract</b>	The Agreement between the City and County of San Francisco, and TEGSCO, LLC dba San Francisco AutoReturn, SFMTA-CCO No.2014-48, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements that are specifically incorporated into the Agreement by reference as provided herein or in the Contract document.
<b>Auction or Lien Sale</b>	Sale held every other week (or less frequently as approved by the SFMTA) at which members of the public, licensed dismantlers, and licensed dealers purchase vehicles that have gone through the Lien process. There are two types of Auctions: Public and Dismantler.
<b>Auctioneer</b>	Subcontractor that provides an onsite option for holding Auctions on behalf of the SFMTA.
<b>Central Dispatch Facility or Central Dispatch</b>	The location from which the Contractor's staff assigns tow requests to Tow Truck Operators.
<b>Citation</b>	A notice of violation, of the San Francisco Transportation Code or other applicable law, issued to a person or a vehicle by a Parking Control Officer employed by SFMTA Enforcement or a police officer employed by SFPD.
<b>Citation Management System</b>	SFMTA's citation processing management system (eTIMS) or any successor system(s) used by SFMTA for tracking tow requests and Citations.
<b>City</b>	The City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency (SFMTA).
<b>Close Family Member</b>	Spouse, domestic partner, parent or child of the party referenced.
<b>Commute Tows</b>	Tows that are performed from commuter lanes to remove illegally parked vehicles from traffic lanes during Peak Tow Hours.

<b>Complaint</b>	Any issue with service provided by the Contractor within the services of this Agreement that is communicated to the Contractor or the City by a Customer and which is not a Claim. This does not include issues reported to the Contractor by Customers that the Contractor is able to resolve to the satisfaction of the Customer through internal issue resolution procedures.
<b>Contractor</b>	TEGSCO, LLC., dba San Francisco AutoReturn, 2650 Bayshore Blvd, Daly City, CA, 94015
<b>Contract Administrator</b>	Designated SFMTA employee charged with oversight of the provisions of the Agreement.
<b>Contract Monitor</b>	Designated SFMTA employee charged with oversight of the Contractor's operations under the terms of the Agreement.
<b>Customer</b>	A person whose vehicle has been towed or a person who requests assistance that the Contractor is obligated to provide under the terms of the Agreement.
<b>Customer Service Center (CSC)</b>	Portion of the Primary Storage Facility where Contractor's staff serves Customers seeking to retrieve their vehicles or obtain other assistance that is covered under the Agreement.
<b>Department of Public Health of San Francisco (DPH)</b>	City agency authorized to request tows for the purpose of abating a nuisance.
<b>Deficiency Claim</b>	A Claim filed against a registered vehicle owner equal to towing and storage charges, less any amount received from the sale of the vehicle, and which is subject to all rights and limitations set forth in California Civil Code § 3068.2 or any successor statute that creates, defines and limits City's right to such claim.
<b>Delinquent Citation</b>	A Citation that was unpaid past the original due date for payment, upon which penalties for overdue payment have accrued, and which is not scheduled for administrative review or hearing by SFMTA.
<b>Dropped Tow</b>	A vehicle, for which a tow is initiated, then left with the vehicle owner or operator, at the location at which the tow was initiated, upon the request of a Parking Control Officer or police officer.
<b>Effective Date</b>	The date upon which the City's Controller certifies the availability of funds for this Agreement as provided in Section 3.1. of the Master Agreement.
<b>Electronic Form</b>	A computerized form created by the TVMS system that enables the User to input information for processing, and, if applicable, results in a printable Adobe .PDF or equivalent document.

<b>Enforcement</b>	Division of the SFMTA that cites the public for parking and transit violations and assists the SFPD in traffic control.								
<b>Expedited Tow</b>	A tow request initiated by the Tow Desk or the SFPD that is necessary to ensure the safety of the PCO, police officer or public, or to eliminate an immediate hazard.								
<b>Gross Vehicle Weight Rating (GVWR)</b>	<p>The weight of a towed vehicle.</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Gross vehicle weight rating</th> </tr> </thead> <tbody> <tr> <td>Light Duty</td> <td>0-10,000 lb. GVWR</td> </tr> <tr> <td>Medium Duty</td> <td>10,001 to 26,000 lb. GVWR</td> </tr> <tr> <td>Heavy Duty</td> <td>26,001 lb. and over GVWR</td> </tr> </tbody> </table>	Type	Gross vehicle weight rating	Light Duty	0-10,000 lb. GVWR	Medium Duty	10,001 to 26,000 lb. GVWR	Heavy Duty	26,001 lb. and over GVWR
Type	Gross vehicle weight rating								
Light Duty	0-10,000 lb. GVWR								
Medium Duty	10,001 to 26,000 lb. GVWR								
Heavy Duty	26,001 lb. and over GVWR								
<b>Heavy Duty Tow</b>	Vehicle towed that weights more than 26,000 lbs.								
<b>Interactive Voice Response (IVR) System</b>	A telephone system that enables the Customer to access towing data in order to determine if their vehicle has been towed, and if so how to retrieve the vehicle.								
<b>Investigative Hold</b>	A Police Hold imposed on an evidentiary vehicle for the purpose of criminal investigation, whereby vehicle may be released only upon electronic release within the TVMS or written authorization by the SFPD's Traffic Administration Unit. Examples include arrests, No ID and investigation of crime.								
<b>Lien 1 Vehicle</b>	A low-value vehicle, including a vehicle valued at five hundred dollars (\$500) or less, in accordance with Vehicle Code § 22670 (requiring valuation of any vehicle towed by a public agency) and § 22851.2 (regarding vehicles valued at an amount not exceeding five hundred dollars (\$500) and not towed for being abandoned) or a vehicle valued at five hundred dollars (\$500) or less pursuant to § 22851.3 (regarding vehicles towed for being abandoned) and §§ 22851.6 - 22851.10 (regarding disposal procedures for low-value vehicles). If California law is amended subsequent to the Effective Date of this Agreement to change the dollar amounts that trigger requirements for low-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of low-value vehicles.								

<b>Lien 2 Vehicle</b>	A medium-value vehicle valued at more than five hundred dollars (\$500) and up to and including four thousand dollars (\$4,000) in accordance with Vehicle Code § 22670 (requiring valuation of any vehicle towed by a public agency), or over five hundred dollars (\$500) and up to and including four thousand dollars (\$4,000) for the purpose of Vehicle Code § 22851.3 (regarding vehicles towed for being abandoned), and California Civil Code §§ 3067-3075 (setting forth legally required procedures for Lien Sales of towed vehicles). If California law is amended subsequent to the Effective Date of this Agreement to change the dollar amounts which trigger requirements for medium-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of medium-value vehicles.
<b>Lien 3 Vehicle</b>	A high-value vehicle valued at more than four thousand dollars (\$4,000), in accordance with Vehicle Code § 22670, requiring valuation of any vehicle towed by a public agency, and California Civil Code Sections 3067-3075, setting forth required procedures for Lien Sales of vehicles. If California Law amended subsequent to the Effective Date to change the dollar amounts which trigger requirements for high-value vehicles, this Agreement shall incorporate such amendments by reference as though fully set forth herein for the purpose of defining dollar-value thresholds and legally required procedures for handling and disposal of high-value vehicles.
<b>Lien Category</b>	The classification of a vehicle as a Lien 1, Lien 2, or Lien 3 Vehicle in accordance with its appraised value.
<b>Lien Sales</b>	The process of selling vehicles, in accordance with the Vehicle Code or other applicable law, that are not retrieved by their owners.
<b>Light Duty Tow</b>	Vehicle that weighs up to 10,000 lbs.
<b>Long-Term Storage Facility (LSF)</b>	Facility used by Contractor to store vehicles that were not claimed while stored at the Primary Storage Facility, and to conduct Lien Sales.
<b>Medium Duty Tow</b>	Vehicle that weighs between 10,001 and 26,000 lbs.
<b>Monetary Claim (Claim)</b>	A request for compensation for personal injury, loss from or damage to towed vehicle and/or personal property,
<b>No ID</b>	Vehicles are towed because there is no visible Vehicle Identification Number. Subject to examination by the SFPD.
<b>Non-Peak Tow Hours</b>	Monday through Friday 7:00 p.m. to 7:00 a.m. and 9:00 a.m. to 4:00 p.m., Saturday, Sunday, and City holidays.

<b>Notice to Proceed</b>	Letter from the SFMTA to the Contractor indicating the Effective Date of the Agreement.
<b>Parking Control Officer (PCO)</b>	Enforcement employee that cites for parking and transit violations and assists in mitigating traffic conditions.
<b>Peak Service Hours</b>	Monday through Friday, 7:00 a.m. to 8:00 p.m., excluding City holidays.
<b>Peak Tow Hours</b>	Commute hours, when traffic is likely to be heavy: Monday – Friday (excluding City holidays): 7 a.m. to 9 a.m. and 4 p.m. to 7 p.m.
<b>Personal Property Release</b>	A document issued by the Contractor that allows a Customer to retrieve personal belongings from a towed vehicle under supervision of Contractor personnel.
<b>Platform Provider</b>	Subcontractor that provides an internet- or application-based platform for holding Auctions on behalf of the SFMTA.
<b>Police Hold</b>	A hold, either an Administrative Hold or an Investigative Hold, placed on a vehicle by the SFPD in writing which requires a vehicle to be processed in accordance with the Police Hold procedures specified in this Agreement.
<b>Primary Storage Facility (PSF)</b>	Facility where towed vehicles are deposited immediately after tow and stored until they are either claimed by the Customer or transferred to the Long-Term Storage Facility.
<b>Records</b>	The documents Contractor is required to create and maintain under this Agreement, including but not limited to: (1) complete and accurate books, accounts and documentation of financial transactions relating to all items of income received and expenses incurred in the performance of this Agreement; (2) documentation of all vehicles towed; (3) documentation of all vehicles stored; (4) documentation of all Claims; (5) all monthly management reports and other reports Contractor is required to submit to City; (6) charts and diagrams of any property licensed to Contractor by City to fulfill the obligations of this Agreement; (7) other documents or reports as City may require Contractor to produce in the course of performing work under the Agreement; and (8) the Records described in Section 13 of this Appendix A.
<b>San Francisco Recreation and Parks Department (RPD)</b>	City department that manages the City's parks and recreational facilities.
<b>San Francisco Municipal Transportation Agency (SFMTA)</b>	The agency of the City with jurisdiction over all surface transportation in San Francisco.

<b>San Francisco Police Department (SFPD)</b>	San Francisco's law enforcement agency that is authorized to request vehicle tows.
<b>Services</b>	The work performed by Contractor under this Agreement as specifically described in the "Statement of Services" attached as Appendix A, including all Services, labor, supervision, materials, equipment, actions, and other requirements to be performed and furnished by Contractor under this Agreement.
<b>Special Event Tows</b>	Tows of vehicles parked in violation of temporary parking restrictions authorized by Veh. Code section 22651(m) and SF Transportation Code Section 3.4(c).
<b>Sweeps</b>	Special tows that are arranged in advance by an authorized City agency and require several tow trucks to be assigned to the detail.
<b>Tow Desk</b>	The location of SFMTA Enforcement staff that receives tow requests from the Enforcement Division and the SFPD.
<b>Tow Equipment</b>	Tow vehicles and all computer systems, communications devices, hand tools, electric tools, and towing hardware, whether or not expressly listed in this Agreement that are necessary to perform towing Services to the standards of the towing industry and as set forth in this Agreement.
<b>Tow Firm</b>	Organization hired by the Contractor to provide tow trucks to tow vehicles as designated by an authorized agency.
<b>Tow Firm Fee</b>	Fee paid by the Contractor to Tow Firms for each vehicle towed.
<b>Tow Inventory Slip</b>	Form used to document towed vehicle information, including physical condition and towing authority.
<b>Tow Truck Operator (TTO)</b>	Drivers for Tow Firms.
<b>Towed Vehicle Management System (TVMS)</b>	Software system that supports the Contractor's dispatching, inventory, audit, and customer service responsibilities for the term of the Agreement.
<b>User</b>	Person accessing the Towed Vehicle Management System.
<b>UTID</b>	SFPD vehicle classification that means that after examination of the vehicle no means of identification (e.g., VIN) could be found.
<b>Vehicle Identification Number (VIN)</b>	The distinguishing 17-digit number or other mark used for the purpose of uniquely identifying a vehicle or vehicle part, as further defined in Vehicle Code § 671.

## **I. SERVICE REQUIREMENTS**

### **A. City Agencies Authorized to Request Tows**

Currently, the City agencies designated to authorize tows from City streets, public property and private property are SFMTA, SFPD, DPH and RPD. The SFMTA, however, reserves the right to add additional City agencies to those authorized. All towing requests (except for Commute Tows, Special Event Tows and Regional Sweeps that are requested in the field) will be called in to the Tow Desk from designated City staff and forwarded to Central Dispatch for processing.

### **B. Adherence to Applicable State and Local Laws**

Notwithstanding any other provision of this Statement of Services, Contractor shall comply with all applicable local, state, and federal laws and regulations relevant to the performance of its duties under this Agreement, including but not limited to those governing the removal, storage, release, and Lien Sale of vehicles. Contractor must ensure that its employees and subcontractors are informed of the requirements of all such laws, in their current form and as they may be amended during the term of the Towing Agreement.

### **C. Hours of Service**

The Contractor shall operate and respond to all tow requests and process intakes and releases of towed vehicles twenty-four (24) hours per day, 365 days per year in accordance with the standards specified in this Agreement.

### **D. Customer Payment of Fee**

The Contractor shall adhere to all requirements regarding payment processing as directed by the SFMTA and the City Treasurer's Office. See Section VII of this Appendix A for details.

### **E. Adequate Staffing**

1. The Contractor must provide staffing that is adequate to meet all service and performance requirements.
2. The Contractor shall seek the SFMTA's prior written approval before making any changes or substitutions to executive management or facilities management personnel. The SFMTA may request a change or reject any substitution. The Contractor must notify the SFMTA of any terminations or resignations by executive management or facilities management within five days of the occurrence.
3. If the SFMTA at any time reasonably determines that the Contractor is employing an insufficient number of employees, the Contractor shall hire such additional employees as the SFMTA determines is reasonably necessary to render the Services required under the Agreement.

### **F. Customer Service**

#### **1. General Requirements**

- a. The Contractor shall interact with Customers for the purpose of retrieving towed vehicles in person, by phone using an interactive



telephone system, live operators and via website or other methods mutually agreed upon by SFMTA and Contractor.

- b. Contractor's personnel answering such phones shall be courteous, professional and provide complete information regarding the location of the vehicle, the method of securing its release, directions to the location from which to affect its release, documentation required, charges to be assessed (including required payment of parking Citations if five or more are delinquent) and terms of payment.
- c. The Contractor shall also provide Customers with accurate and timely information regarding their rights with respect to the towed vehicle under this Agreement and all applicable federal, state, and local laws and regulations.
- d. All materials created by Contractor that are intended for use by Customers, whether in written, electronic or audio format, shall be made available in Spanish, spoken Cantonese and written Chinese. The Contractor shall also make best efforts to provide bilingual staff to assist Customers in Spanish and Cantonese, as well as Mandarin, Russian and Vietnamese.

## 2. Employee Training

- a. The Contractor shall, for new employees, schedule 16 hours of professional job training specializing in customer service that must be approved in advance of the training by the SFMTA. Training must take place ***within the first year after the date specified in the Notice to Proceed*** and must include all employees that have direct interaction with the public, including Tow Truck Operators. The Contractor shall require each employee to obtain a certificate of completion of this training and shall submit the certificates to the SFMTA within 30 days of the first anniversary of the Notice to Proceed.
- b. The Contractor shall require all employees described above to take a minimum of four hours of SFMTA approved outside professional customer service "refresher" training annually for the remainder of the Contract term. The Contractor shall require certificates of completion for this training and shall submit annually them to the SFMTA ***within 30 days of each subsequent anniversary of the date specified in the Notice to Proceed.***
- c. All training costs are the responsibility of the Contractor.

## 3. Electronic Customer Queue Management

The Contractor shall provide, subject to approval of the SFMTA, a "Take a Number" or other similar queueing system with an electronic message board and audio announcement to be used in the lobby during peak periods of activity to avoid extensive waiting in line by Customers and to communicate procedures and documentation that might be required once called to the window. The queueing system shall be in place ***as of the date specified in the Notice to Proceed.***

## 4. Customer Calls

### a. Telephone Operators

- i. The Contractor shall provide a dedicated phone line and ensure that live telephone operators are available at all times, 24 hours a day, seven days a week, to respond to calls from the public about towed vehicles.
- ii. All calls shall be answered within 30 seconds and without a busy signal. Contractor's telephone system shall be set up to automatically roll to the next available operator when calls come in.
- iii. The Contractor shall ensure that within each calendar month at least 95% of Customers reach a live operator within three minutes of request; and that 98% of Customers reach an operator within five minutes of request, within a calendar month.

### b. Interactive Voice Response (IVR) System

- i. The Contractor shall establish and maintain one customer service phone line with an IVR that the public may call for information regarding towed vehicles ***date specified in the Notice to Proceed***. This phone line shall be independent of the phone line used for requests for Dispatch Tows.
- ii. The computerized IVR and call distribution system to live operators must have sufficient lines, instruments, hardware, software, and overflow safeguards to meet the service requirements of this Agreement.
- iii. The Contractor's IVR shall have a menu selection that offers basic information to the public in English, Spanish, Cantonese (within 90 days of the date specified in the Notice to Proceed) and any additional languages that may, in the future, be required by City regulations. The IVR shall also have the ability to queue calls after the caller requests a live operator and have an alarm system to alert office staff if a call has been on hold for more than the approved time. The Contractor shall periodically check functionality and resolve performance issues with the IVR.
- iv. The Contractor shall, within 90 days of the date specified in the Notice to Proceed, create a computerized, voice prompted Customer service survey available as an option to all Customers. The Contractor shall ensure that Customers who participate in the survey remain anonymous. Following the interaction between Customers and the Customer Service Center, Customers will be asked to rate the following:
  - Was the agent polite, thorough and knowledgeable
  - Was the Customer's question answered

- Was the Customer given clear instructions on how to retrieve a vehicle
  - Was the Customer given appropriate information, including how to dispute a Citation at the SFMTA Review Center
  - Was the Customer's call answered in a reasonable amount of time
- v. The Contractor shall develop a script for approval by the SFMTA.
- c. Call Volume Reporting**

The Contractor shall provide a monthly summary report with the following elements:

- i. The total number of calls per hour,
- ii. Total number of calls each day,
- iii. The number of calls disconnected by the Customer requesting to speak with an agent before the call is answered.
- iv. Summary Chart showing the following:

a.	< 3 minutes	3-5 minutes	> than 5 minutes
Number of calls	f	g	h.
Percentage of calls	j	k	l.
Average wait time	m	n	p.
Average call (talk) time	r	s	t.

- v. Detailed call listing showing call status, wait time, and call duration.
- d. Audio Recordings**
- i. The Contractor shall record all customer service calls and indicate to the Customer that their call is being monitored for quality assurance.
  - ii. The Contractor shall maintain such audio recordings for a minimum of 120 days.
  - iii. Upon the SFMTA's request, the Contractor shall provide SFMTA access to the audio recordings within 48 hours for the purpose of reviewing or copying the recordings.

**5. Window Staff**

- a. During Peak Service Hours, Contractor shall have enough trained staff working at the Customer Service Center (CSC) to open, in the CSC lobby, up to six service windows, based

on Customer demand.

- b. For any calendar month, the mean wait time for Customers who wait for window service in the CSC lobby shall not exceed seven minutes. For any calendar month, the mean wait time shall equal the sum of all Customer wait times during the calendar month, divided by the number of Customer wait times.
- c. Contractor shall ensure all window staff are available to answer telephone calls from the public when not attending to Customers in person.
- d. For every calendar month, Contractor shall submit to City a monthly report that shows window staffing numbers and patterns at the CSC, as well as mean wait times for Customers during the immediately preceding month.
- e. Contractor shall ensure all Customer transactions that involve waivers, vouchers, or adjustments are reviewed and validated by the customer service manager and documented in the Towed Vehicle Management System (TVMS).

## **6. Other Required Customer Service Staffing**

- a. The Contractor shall have available at least one customer service manager (or supervisor of sufficient authority and training) to manage Customer questions and unusual matters.
- b. The customer service manager shall be available in addition to required window and other management staff and shall not be included in the count of trained staff present at the CSC.
- c. The customer service manager (or supervisor of sufficient authority and training) shall be present during Peak Service Hours.

## **7. Dissemination of Customer Information Requirements**

### **a. Facilities**

Documents containing the following information shall be printed in at least 12-point font type and shall be posted by the Contractor at each storage Facility in a conspicuous location easily visible to the public. The signage, including languages required, wording, size of letters, and methods of display shall be approved by the SFMTA in advance of posting:

- i. The schedule of all City-approved towing, storage and additional charges as specified in this RFP.
- ii. An explanation of the conditions under which, and the procedure by which, a tow hearing may be requested from the SFMTA.

- iii. Notices informing the public of their Vehicle impound rights and obligations pursuant to California Vehicle Code Section 22852.
- iv. Procedure for filing a Claim for damages incurred to the vehicle or contents thereof as a result of the tow or storage of the vehicle.
- v. The name and address of the Contractor's insurance broker handling the insurance coverage required by the Agreement.
- vi. Notice that a complete copy of the towing Agreement is available for review onsite, can be downloaded from the Contractor's website, or may be obtained at a cost of \$0.10 per page.
- vii. An explanation of the procedure by which all unclaimed vehicles are sold at Auction, including the physical onsite and/or virtual online location(s) of such Auctions and publications in which such Auctions are advertised and stating that all in attendance at such Auction shall have an equal opportunity to bid.

**b. Customer Invoices**

All Customer invoices shall have printed on them the following:

- An itemized listing of all applicable fees, fines, and other charges
- All waivers and waiver amounts granted, if applicable
- Instructions for requesting a tow hearing, including location of hearings.
- Instructions to provide Customer feedback.

**8. Customer Service Website**

- a. The Contractor shall create and maintain a website **by the date specified in the Notice to Proceed** that provides general information to the Customer as follows:
  - i. The status and location of a specific towed vehicle
  - ii. The total itemized cost of retrieving the Towed vehicle, including Citations, and/or booting fees where applicable, upon integration with the City's designated Citation Management System
  - iii. Any holds that have been assigned to the vehicle, and
  - iv. The allowable methods of payment to retrieve the vehicle.
- b. The Contractor's website shall be available 24 hours a day, 365 days per year. Internet site maintenance and down-time should be scheduled between the hours of 12:00 a.m. and 6:00 a.m., except as otherwise necessary.

- c. The Contractor shall periodically update the website as needed to incorporate upgrades that enhance the User experience as they become available.
- d. The website shall provide a customer service survey option, subject to SFMTA approval.

#### **9. Commitments to City Support**

- a. The Contractor shall provide a contact list for key management personnel responsible for supporting Services under this Agreement.
- b. Contractor shall provide a contact number for those situations requiring a response within 15 minutes of inquiry.

#### **10. Customer Service Plan**

The Contractor shall create a Customer Service Plan as part of the Operations Manual *within 90 days of the Notice to Proceed*. Details on plan requirements are in Section VI of this appendix.

#### **11. Verification of Qualifications for Fee Reductions or Waivers**

- a. Contractor shall access the Verification Database only to confirm whether HSA has previously and recently verified a tow customer's income, or whether HSH has previously and recently verified a tow customer's eligibility for HSH services. The objective is to permit Contractor to rely on HSA's or HSH's prior income or eligibility verification, when available, to deem tow customers eligible for SFMTA-offered benefits such as low-income discounts or fee waivers.
- b. Contractor acknowledges that the Verification Database contains PPI and is proprietary to HSA, and agrees to safeguard PPI from unauthorized disclosures, including but not limited to keeping such PPI confidential, except to the extent disclosure is required to administer the SFMTA's low-income discount or fee waiver programs.
- c. Contractor shall use appropriate administrative, physical, and technical safeguards consistent with best practices in Contractor's industry for handling PPI to prevent the unauthorized use or disclosure of PPI.
- d. Contractor shall protect against any reasonably anticipated threats or hazards to the security or integrity of the Verification Database. Contractor shall provide training on PPI privacy and security to Authorized Users and shall ensure Authorized Users shall not download, create, or transfer PPI offsite without prior written authorization from the SFMTA.
- e. Contractor shall notify the SFMTA within five calendar days of any suspected misuse or disclosure of PPI, or any unauthorized access to the Verification Database.
- f. Contractor shall take prompt corrective action to remedy any unpermitted disclosure of PPI and take all reasonable steps to mitigate

any harmful effect of an unauthorized use or disclosure.

- g.** Contractor shall implement these obligations and responsibilities for all Authorized Users accessing the Verification Database.
- h.** Contractor shall provide SFMTA with a single point of contact to coordinate access to the Verification Database and ensure compliance, as follows:

  - i.** Provide the SFMTA with a list of names for each individual requesting access to the Verification Database access as an Authorized User;
  - ii.** Ensure each Authorized User requesting access to the Verification Database signs the “HSA Data Systems Access Acknowledgment and Agreement Form,” attached hereto as Exhibit I, as a condition of obtaining access;
  - iii.** Notify the SFMTA in writing within three business days of the change in employment or status of any Authorized User that is no longer authorized access to the Verification Database;
  - iv.** Ensure the Verification Database Authorized User passwords are not shared by or between Authorized Users;
  - v.** Review the Verification Database User Guide with Authorized User for training and resolving HSA-HSH Verification Database issues;
  - vi.** Assist and cooperate with compliance reviews initiated by the SFMTA to audit Authorized User’s access to, and use of, records from the Verification Database containing PPI.

## **G. Dispatching Requirements and Equipment Needs**

### **1. GPS Equipment**

- a.** The Contractor must require all Tow Firms used to provide Services under this Agreement be equipped with a functional global positioning tracking system (GPS) ***as of the date specified in the Notice to Proceed.***
- b.** The GPS device must allow the Contractor and designated SFMTA employees to accurately track the location of the tow vehicle operators.
- c.** If the selected GPS device does not meet the SFMTA’s reasonable expectations based on the GPS standards set forth in the RFP, the City reserves the right to require an alternate device be used, including one that is affixed to the tow truck.

### **2. GPS Software**

- a.** The Contractor shall acquire and maintain all necessary software licenses for this GPS tracking system. The Contractor shall provide to SFMTA, at the Contractor's sole cost, access to the GPS tracking system using an internet-based interface or client-server

application that can operate on the City's WAN.

- b. The Contractor shall install and configure GPS software, provide training at their own cost to both staff and City for the use of the software, and support all activities related to the City's use of the GPS tracking system.
- c. The Contractor shall record the arrival time of Tow Truck Operators to the requested tow location through the GPS system and shall compare the time recorded to the time the Tow Truck Operator records their arrival through the TVMS. The Contractor shall ensure that at least 95% of the GPS-recorded arrival locations and the Tow Vehicle Operator locations are identical.

### 3. Equipment

#### a. Tow Trucks

- i. The Contractor shall have tow trucks capable of handling light, medium and heavy-duty tows available to tow all vehicles ordered by a designated City agency to be removed from any public street or highway within the City.
- ii. Tow trucks shall be in good operating condition, equipped and prepared to provide expeditious movement of vehicles in all circumstances, including a) light, medium and heavy duty vehicles; b) towing with dollies or flatbeds; c) towing motorcycles; d) towing from off-road areas; e) towing in garages, both underground and multiple story; f) recovery Services; g) towing of vehicles involved in collisions; and h) towing of vehicles with anti-theft locking devices.
- iii. All tow trucks used in the performance of the Agreement's towing Services shall be well-maintained and clean on the interior and exterior.
- iv. The Contractor shall be in compliance with all California Vehicle Code requirements pertaining to the operation and maintenance of tow trucks and operation of its business, including all auxiliary equipment specified on the California Highway Patrol Form number 234 "Annual Tow Truck Inspection Report".
- v. All Tow Truck Operators shall be fully trained on how to use the equipment, how to properly and safely, without damage to the vehicle, tow a vehicle and how to enter all types of vehicles when they are locked, and access is needed in order to tow.

#### b. Wireless Communication Devices for Tow Truck Operators

- i. **As of the *date specified in the Notice to Proceed***, the Contractor shall provide a list of approved wireless communications devices (e.g., smart phones) to each Tow Truck Operator that shall be used as digital, hands-free



communication between Contractor's Central Dispatch and the operators.

- ii. The Contractor shall be responsible for all costs associated with all wireless communications devices that are issued to the City.
- iii. The TVMS and associated wireless communications equipment shall have the functionality to do the following:
  - Electronically send tow requests to the Tow Truck Operators.
  - Automatically select the tow vehicle operator assigned for the tow based on proximity and electronically route the request to the Tow Truck Operator.
  - Allow Tow Truck Operators to acknowledge receipt of the tow request and ETA, which in turn shall be electronically transmitted through the TVMS so that both the SFMTA's Tow Desk and Contractor's Dispatch Center are informed that the Tow Truck Operator is in route to the tow.
  - Transmittal of arrival time: The Tow Truck Operator shall have the ability to transmit their arrival at the scene of a tow through their wireless communication device.

**c. Land Lines**

In addition to transmitting tow requests, acknowledgement of receipt of request and ETA data between the Tow Desk and Central dispatch through the TVMS, the Contractor shall provide a dedicated telephone land line to be available for communication between Central Dispatch and the SFMTA Tow Desk.

**d. Backup Communications Devices**

The Contractor shall provide the SFMTA with a minimum of two portable communications devices to be used as an emergency communications method or an alternative mutually agreed upon by the parties ***as of the date specified in the Notice to Proceed.***

**H. Tow Types and Required Response Times**

**1. Routine Towing Requests**

- a. Contractor shall provide dispatch staff to receive tow requests 24 hours per day, 365 days per year, including holidays. Contractor shall dispatch Tow Truck Operators (TTOs) from Central Dispatch upon request.
- b. During Peak Tow Hours, Contractor shall ensure a dispatch supervisor is on duty at Central Dispatch to manage Contractor's staff and address issues raised by the SFMTA.
- c. In response to requests for Light Duty Tows, Contractor shall arrive at the designated points of tow, with the appropriate equipment,

within the following response times: (i) for requests made during Peak Tow Hours, within 35 minutes; (ii) for requests made during Non-Peak Hours, within 25 minutes; and (iii) for pre-scheduled requests, no later than 10 minutes before the designated time. For any calendar month, Contractor shall achieve these response times at least 90% of the time. Contractor shall track and log in the TVMS response times for all Light Duty Tows.

- d. In response to requests for Medium and Heavy-Duty Tows, Contractor shall arrive at the designated points of tow, with the appropriate equipment, within the following response times: (i) for requests made during Peak Tow Hours, within 120 minutes; (ii) for requests made during Non-Peak Tow Hours, within 90 minutes; and (iii) for pre-scheduled requests, no later than 10 minutes before the designated time. Contractor shall achieve these response times for at least 90% of tow requests during the fiscal year. Contractor shall track and log in the TVMS response times for all Medium and Heavy-Duty Tows.
- e. For all tows, Contractor shall provide the estimated arrival time continuously. Contractor shall also provide appropriate equipment to the designated points of tow.
- f. At all times, Contractor shall ensure that:
  - i. For any calendar month, Contractor shall answer telephone calls from SFMTA's Tow Desk within 90 seconds, for 95% of calls.
  - ii. Contractor's TVMS shall assign tow requests to either Tow Firms or Tow Truck Operators within two minutes after receiving tow requests from the SFMTA. For any calendar month, Contractor shall achieve this requirement for 90% of tow requests within the month. This requirement excludes requests modified by the SFMTA.
- g. Contractor shall submit to the SFMTA a monthly report that shows response times for Tow Desk requests.

## **2. Expedited Tows**

Contractor shall prioritize Expedited Tow requests above all other tow requests, so response time is minimized.

## **3. Commute Tows, Special Event Tows and Regional Sweeps**

- a. The Contractor shall participate in Commute Tows, Special Event Tows and Sweeps requested by SFMTA or SFPD as a part of its regular towing Services.
- b. The SFMTA will provide a schedule of Commute Tows, with times for Tow Truck Operators to arrive, locations, and number of trucks required at the time of the Notice to Proceed. The SFMTA will communicate any modifications to the Commute Tow schedule to

the Contractor at least 24 hours in advance of the change.

- c. The City will notify the Contractor at least 48 hours in advance of the date of a Special Event or Sweep and shall inform the Contractor of the number of tow trucks required, the location, and the time the Tow Truck Operators should arrive. The City will notify the Contractor of any Modifications to scheduled Special Events or Sweeps at least 24 hours in advance.
- d. The SFMTA will provide the Contractor with a schedule of annual Special Events, which may include parades, marathons, and other events. Commercial or residential moves that require vehicles to be towed will be handled as Routine Tow requests unless SFMTA staff designates that the request rises to the level of an Expedited Tow.
- e. The SFMTA requests that the Contractor make every effort to assist, but will not hold the Contractor responsible for Special Event or Sweep tow requests that occur less than 48 hours before the Special Event or Sweep, or to modifications to Commute Tows, Special Events or Sweeps that are given with less than 24 hours' notice.
- f. Tow Truck Operators may leave the location of any Commute Tow, Special Event Tow or Sweep if no PCO arrives after 15 minutes of the scheduled start time.

#### **4. City-Owned Vehicles**

- a. At the request of, and at no cost to, the SFMTA or the SFPD, Contractor shall remove or render roadside assistance to disabled City-owned vehicles. Roadside assistance shall be limited to starting stalled vehicles, picking up flat tires and returning flat tires from designated locations, and changing flat tires.
- b. Contractor's mean time to respond to requests from the SFMTA or the SFPD to remove or render roadside assistance to City-owned vehicles shall be no longer than 25 minutes per calendar month. For any calendar month, Contractor's mean response time shall equal the sum of all response times during the calendar month, divided by the number of response times.
- c. Contractor shall absorb the costs of this service and is prohibited from passing the cost onto Tow firms or Tow Truck Operators.

#### **5. Relocation Tows**

At the request of an authorized City agency, pursuant to Vehicle Code § 22654(e) relating to authorization for moving a vehicle otherwise lawfully parked, the Contractor shall relocate vehicles as directed.

#### **6. Extended Delay in Tow Response**

The Contractor shall not, except in the case of unavoidable delay,

exceed 120 minutes for Light or Medium tow service types during Peak Tow Hours within the City.

## **7. Tows Requested Outside the Boundaries of the City and County**

For tows requested by the City outside the boundaries of the City and County of San Francisco, the Contractor will make its best effort to respond to the tow location within four hours and shall respond within eight hours unless approved in writing by the SFMTA.

## **8. Reporting Requirements**

- a. The Contractor shall submit a monthly report to the SFMTA that summarizes the categories of tows as described in this section H, the number of tows in each category, and response times for each tow.
- b. The Contractor shall also track and report monthly the number of tows by violation category where applicable, using categories provided by the SFMTA.

## **I. Vehicle Intake Procedures**

### **1. Towed Vehicle Data**

- a. The Contractor shall ensure that a record of each dispatched tow request is created in the TVMS ***within five minutes*** of receiving the request.
- b. The record of the tow itself must be created in the TVMS ***within 15 minutes*** of the vehicle's arrival at the Primary Storage Facility.
- c. The Contractor must meet these timing requirements ***in 95% of all tows within any given month.***

### **2. Vehicle Identification Number (VIN)**

- a. The Contractor shall visually inspect any vehicle for which a lien is requested to confirm and record the VIN of a towed vehicle and include the VIN in its lien request to the DMV. Exceptions to the obligation to confirm and record the VIN include:
  - i. Vehicles subject to SFPD Investigative Holds.
  - ii. Vehicles identified as No ID vehicles that require SFPD inspection.
  - iii. Other cases of extenuating circumstances as approved by the SFMTA.
- b. Contractor shall notify the SFPD ***within 24 hours*** of becoming aware of any vehicle in its possession for which the license plate and the VIN do not match.

### **3. Personal Property**

- a. The Contractor shall not enter into any vehicle designated as an SFPD hold for retrieval and recording of any personal property

without written authorization of the SFPD.

- b. During intake inspection, personal property in the vehicle of more than \$250 that is visible from the exterior of the vehicle without opening any locked compartment shall be inventoried and as part of the inventory, the Contractor shall record whether or not the vehicle has a locked storage compartment.
- c. This information shall be recorded in the TVMS system, and the vehicle inventory forms shall be kept on file or in electronic form. The Contractor, SFMTA, DPH and SFPD shall endeavor to keep the vehicle locked to the maximum extent possible during the towing and storage process.
- d. The Contractor may remove and separately store personal property from the vehicle for security or other reasons, as necessary.

#### **4. Digital Photo Recording**

- a. Tow Truck Operators shall photograph any damage observed on a vehicle to be towed prior to handling the vehicle. These photos shall be made available, within 8 hours, through the TVMS.
- b. The Contractor shall have cameras at both the Primary and Long-Term Storage Facilities and shall take photos of all four sides of the exterior of each vehicle the first time that it is brought into any designated Facility.
- c. These images shall be stored electronically for one year and in a manner that allows prompt retrieval **within one business day** of an authorized City agency's request.
- d. The SFMTA agrees that the requirements of this may be satisfied by extracting still images from continuous video footage.

#### **5. Procedures for Vehicles Impounded by the SFPD**

##### **a. SFPD Investigative Holds**

- i. The SFPD may designate any vehicle for which it has made a Tow Request as an Investigative Hold vehicle. Investigative Hold vehicles shall be stored in a segregated, secure area, located in designated areas of the Primary and Long-Term Storage facilities.
- ii. No person shall be allowed access to an Investigative Hold vehicle or retrieve personal property from such vehicle without written authorization from the SFPD.
- iii. If the SFPD designates an Investigative Hold vehicle as an evidentiary vehicle at the time of the Tow Request, the Contractor shall ensure that the towing and storage of the vehicle is conducted in accordance with any standards for

handling and preservation of evidence provided to Contractor by the SFPD.

- iv. The Contractor shall maintain the Investigative Hold areas in a manner which ensures its ability to locate vehicles requested by SFPD within one hour of SFPD's request.
- v. The Contractor shall submit a Police Department Procedures Plan to the City describing in detail how it will process Investigative Hold vehicles to meet service requirements specified in this Agreement.

**b. No ID Vehicles**

- i. The Contractor shall impound all vehicles with no visible VIN under a "No ID" number and shall be designated as a vehicle subject to Investigative Hold and held for inspection by the SFPD Auto Detail regardless of which City agency initiated the Tow Request.
- ii. The Contractor shall include No ID vehicles in regular reports to the SFPD of Police Hold vehicles as specified in Section V of this Appendix A.
- iii. The Contractor shall keep No ID vehicles within the No ID area (excluding oversized vehicles); with the exception that Contractor shall move a No ID vehicle out of the No ID area within twenty-four (24) hours of receiving a request to do so by the SFPD.
- iv. If a VIN is found following inspection by the SFPD, the Contractor shall follow applicable Lien Sale provisions of the Vehicle Code for processing that vehicle. Otherwise, Contractor shall designate the vehicle as an "Unable to Identify" or "UTID" vehicle and, after receipt of a written release by the SFPD (DMV Form 462, "Public agency Authorization of Disposal of Vehicle" or successor form), such UTID vehicle shall be disposed of as required by the Vehicle Code and in accordance with instructions on DMV Form 462 or successor form.
- v. The Contractor shall allow SFPD personnel with written authorization from the Chief of Police to remove parts from any No ID vehicle, except as prohibited in the SFPD approved Police Procedures Plan.

**c. Documentation Requirement for SFPD Released Vehicles**

- i. The Contractor shall not release or allow parts to be removed from Police Hold vehicles without a release authorization from the SFPD.
- ii. The SFPD will provide the Contractor a standard form to be used for all release authorizations and a list of individuals authorized to provide vehicle and Personal Property Releases.

- iii. Any Electronic Forms shall be capable of being printed in an Adobe .PDF or equivalent format.
- iv. The Contractor shall inform the Customer that release of a vehicle subject to Police Hold may only be obtained by going to the SFPD Traffic Administration Unit at 850 Bryant Street, Room 154, to request that the vehicle be released.

**d. Recovered Stolen Vehicles**

- i. Recovered stolen vehicles may be released from any district police station with presentation of the appropriate SFPD release form or as otherwise specified by SFPD.
- ii. The Contractor shall cooperate with City in the coordination of electronic information between DMV and City, between City agencies, and between Contractor and City for the purpose of early identification of stolen vehicles and prompt notification of the owner.
- iii. Procedures for waivers and reimbursement of towing and storage fees for stolen vehicles are described in Section VII of this Appendix A.

**e. Reporting of Police Investigative Holds**

- i. The Contractor shall submit to the SFPD a weekly report listing all Investigative Hold vehicles that are currently being stored by the Contractor in accordance with the requirements of Section V of this Appendix A, delivered to the person designated by the SFPD as the inspector in charge of auto Investigative Holds.
- ii. The Contractor shall issue reports to SFPD personnel designated by the Chief of Police in writing, the Director of SFMTA or her or his designee, and the SFMTA Contract Monitor upon occurrence of the following events:
  - A "350 vehicle warning" notice on each day that the number of Investigative Hold vehicles stored by Contractor exceeds 350 vehicles; and
  - An inventory report of Investigative Hold vehicles on each day that the number of Investigative Hold vehicles stored by Contractor exceeds 375 vehicles.

**f. Police Administrative Hold Procedures**

**i. Designation**

The SFPD may designate a vehicle as an Administrative Hold vehicle. The Contractor shall identify and track Administrative Holds as either "STOP" holds or "Traffic Administration" holds. Vehicles subject to Administrative Hold by the SFPD or the SFMTA shall not be processed or otherwise treated as Investigative Hold vehicles

## ii. Release Restriction

- The Contractor shall not release SFPD Administrative Hold vehicles that are impounded in accordance with the provisions of the Vehicle Code, including Administrative Holds resulting from the SFPD's STOP Program, until receipt of a written authorization for the release by the SFPD.
- The Contractor may proceed with the Lien Sale of the vehicle in accordance with all applicable Lien Sale requirements, without written SFPD release authorization. SFPD STOP Administrative Hold vehicles must be held for at least 30 days prior to Lien Sale.

## J. Vehicle Release Procedures

### 1. Improper Disposal of Vehicles

- a. If, in violation of applicable law or this Agreement, the Contractor releases, sells, disposes of, or otherwise loses possession of or is unable to locate any vehicle that it has towed under this Agreement, notwithstanding any other criminal or civil penalties levied by a court of law, the Contractor **shall have 60 days to resolve** any Claim filed by the vehicle owner for the loss of the vehicle.
- b. The Contractor must notify the SFMTA within 72 hours of any incidents regarding loss of a towed vehicle due to any of the circumstances above.

### 2. Conditions for Dropped Tow Designation

Tow Truck Operator will conduct a Dropped Tow if the vehicle owner or operator claims the vehicle before one or more of the following has occurred:

- a. All required paperwork or electronic Records are complete.
- b. The Tow Truck Operator has completely attached the Tow Equipment to the vehicle.
- c. The tow truck is in the lane of traffic and ready to drive to the appropriate storage facility. has pulled away from where it was parked.

### 3. Compensation for Dropped Tows

- a. The Contractor shall compensate the Tow Truck Operator 25% of the base Tow Firm Fee (applicable to Light Duty, Medium Duty, or Heavy Duty tow fees) the Tow Truck Operator would have received had the tow been completed.
- b. The following conditions must be met to qualify for compensation of the Dropped Tow fee:
  - i. The Parking Control Officer must be present before the Tow Truck Operator or Tow Equipment makes contact with



the vehicle.

- ii. The Tow Truck Operator or Tow Equipment makes contact with the vehicle.
- iii. The Parking Control Officer or police officer has requested a dropped tow.
- c. The Contractor and SFMTA shall develop a mutually agreed system to track and monitor tows.
- d. The Contractor shall include in its monthly operational report all vehicle drops.

#### **4. Release Regulations**

Towed vehicles shall be released by the Contractor from impoundment in accordance with the California Vehicle Code, and in accordance with such rules and regulations implemented by authorized City agencies to the extent they are consistent with the Vehicle Code.

#### **5. Release Process**

When a Customer arrives at the Customer Service Center to retrieve their vehicle:

- a. The Contractor shall identify the requested vehicle by license number, Vehicle Identification Number, vehicle make, date and location of tow or from other information provided by the Customer.
- b. The Customer will be required to provide evidence satisfactory to the Contractor's personnel that she/he is the person entitled to receive the vehicle. This shall include, but is not limited to, a key to the vehicle and a valid operator's license.
- c. The Contractor shall verify that the requested vehicle is registered as defined by California law by reviewing registration tag.
- d. When the Contractor's personnel are satisfied that the Customer is entitled to the vehicle, the Contractor shall record the identity of the person, the number and expiration date of the operator's license, and collect applicable fees. The Contractor shall then release the vehicle to the Customer within one hour of the time the Customer begins the release procedure.
- e. If the vehicle is stored at the Long-Term Storage Facility, transportation to that location will be provided by the Contractor at no charge to the Customer during Long-Term Storage Facility business hours, or the vehicle shall be delivered to the Customer Service Center within one hour of payment of fees associated with vehicle tow.
- f. The Contractor shall collect from the Customer not more

than one Transfer Fee.

- g. The SFMTA may require Contractor to verify valid insurance prior to vehicle release.

## **6. Release Exceptions**

- a. In the event that the SFPD has identified, in writing or via a City-approved electronic means, a vehicle as having a Police Hold, the Contractor shall not release the vehicle without written or electronic authorization from the SFPD.
- b. The Contractor shall NOT return/release a vehicle if the vehicle has five or more delinquent parking violations listed in the SFMTA computer database (scofflaw) until those Citations are paid. Delinquent violations are those Citations that have not been paid and are not scheduled for administrative review or hearing by the SFMTA.
- c. The Contractor shall determine Citation status through authorized access to the SFMTA's Citation Management System.
- d. The Contractor shall refer the Customer to the SFMTA Customer service center, at 11 South Van Ness Avenue, if the Customer wishes to dispute a Citation.
- e. If the Customer wishes to pay the Citations not required for release of a vehicle, the Contractor shall accept payment, record the payment immediately in the SFMTA's Citation Management System and release the vehicle as described above.

## **7. Personal Property Releases**

- a. A Personal Property Release allows the Customer to enter the vehicle, with the supervision of the Contractor, to obtain property from the towed vehicle.
- b. The Contractor's supervision shall include preparing a written inventory of the items removed by the Customer. However, the Contractor has no responsibility for assisting the Customer to remove personal property from the vehicle.
- c. The Contractor shall require the Customer to sign the inventory statement listing the item(s) they removed from the vehicle and shall file the Personal Property Release data collected in the TVMS system or in a paper file with a file name cross referencing the Tow Request ID in the TVMS.
- d. The Contractor shall only release personal property found within any vehicle in its custody when it is satisfied that the Customer is entitled to access the vehicle and only if its contents and the vehicle is not subject to a Police Hold.

## **8. Valuation of Vehicles**

- a. **Lien**

- i. The Contractor shall have each impounded vehicle assigned a lien category (Lien 1, Lien 2, or Lien 3 Vehicle) within three to seven days from the date the vehicle was towed. The Contractor shall assign a lien category by reasonably estimating the appraised monetary value of each vehicle based on available information under penalty of perjury as required by California Vehicle Code Section 22670(b).
- ii. The Contractor shall comply with all state and local laws and regulations applicable to notice and conduct of Lien Sales of vehicles, including, but not limited to California Civil Code §§ 3068-3074 and Division 11, Chapter 10, Article 2 of the Vehicle Code (§§ 22650 et seq.), and any successor statutes.
- iii. The Contractor shall make a diligent effort to locate and contact the owner and any lienholder(s) for each impounded vehicle, in accordance with all state and local laws and regulations.

The Contractor or its designee shall request vehicle ownership information from the DMV for all unclaimed vehicles, and shall, whenever ownership information is available, send lien notices to all interested parties, including registered owners, lien holders and legal owners. Lien notices shall be sent between seven to 15 days, but in no event later than 15 days from the date the vehicle was towed, as required by Vehicle Code Section 3072.

- iv. The Contractor shall use an electronic means of communicating its requests for vehicle license and ownership information to, and of receiving responsive information from the DMV. Exceptions to the deadlines for providing prompt notice of storage to vehicle owners pursuant to this Section include:
  - Vehicles subject to Investigative Holds.  
Ownership information for these vehicles should be requested and notices sent within 48 hours after the hold is released by the SFPD, and storage charges shall begin to accrue as of the date of the release of the hold.
  - Vehicles identified as No ID vehicles pursuant to Section II.I.5.b of this Appendix A.  
Ownership information for these vehicles should be requested and notices sent within 48 hours after vehicle identification has been provided by SFPD.
  - Vehicles with out-of-state license plates for which the DMV does not have ownership information. Lien notices for these vehicles must be sent to DMV in accordance with the requirements of the Vehicle Code.

- v. The form of notice sent to registered owners, lien holders and legal owners shall be subject to Vehicle Code, Civil Code, and DMV requirements and prior approval by City. Lien sale notices shall include a statement that failure to Claim a vehicle is not sufficient to avoid towing and storage costs in excess of the vehicle's sale price, and that, with the exception of Lien 1 Vehicles, such towing and storage charges in excess of the vehicle's sale price may be subject to collection.
- vi. The Contractor shall provide a bi-weekly Lien Sale report to SFMTA that must include the VIN, license plate number, year and model of each vehicle sold at Auction, the Lien classification of the car, the starting bid amount, the actual sale amount, and a detailed description of the distribution of deficiency or excess proceeds amounts.
- vii. The Contractor shall not sell Lien 1 vehicles at the public Auction. All Lien 1 vehicles shall be sold to dismantlers.
- viii. The Contractor shall create a Vehicle Valuation Plan as part of the Operations Manual elements ***within 60 days of the date specified in the Notice to Proceed.***

**b. Lien Sale/Auction Procedures**

- i. The Contractor shall track lien-related dates and process the official lien notification paperwork as required for Lien Sales by applicable law in the state of California.
- ii. The Contractor's Lien Sale notice for Lien 2 and Lien 3 vehicles shall include the specific date that the vehicle is scheduled to be sold at Auction. Contractor may use this date to calculate the amount of storage charges due.
- iii. The Contractor shall not process the Bill of Sale and the Certificate of Lien Sale until the Auction sale date and shall include on these forms the name of the buyer and the purchase price of the vehicle.
- iv. Unless the SFMTA has given prior written approval to suspend a scheduled Lien Sale. The Contractor shall conduct Lien Sales at least every other week for vehicles that have been cleared for sale after the lien process is complete.
- v. The day of the week for these Auctions is subject to approval by SFMTA. Currently the SFMTA has approved Wednesday as a regularly scheduled Auction day.
- vi. After the Contractor initiates the lien process for a vehicle with the DMV, Contractor's valuation and classification of the vehicle shall be subject to later adjustment only as directed by or with the approval of the SFMTA's designated personnel.
- vii. In no event shall any impounded vehicle be pulled from a

pending Auction for the purpose of reclassifying the vehicle after the Auction has begun. Changes to this policy require written approval from the SFMTA.

- viii. The Contractor is required to send the excess proceeds to the California Department of Motor Vehicles to be deposited in the Motor Vehicle Account in the State Transportation Fund.
- ix. Vehicles upon which the Contractor issues lien holds shall be stored primarily at the Long-Term Storage Facility. With the exception of Lien 3 Vehicles, which must be held for ten days after the actual date of sale pursuant to Civil Code Section 3071(k), all vehicles that are Auctioned or sold for dismantling shall be removed from the PSF or LSF within one week after the date of sale. Lien 3 Vehicles shall be removed from the PSF or LSF within 14 days of the date of sale.

**c. Deficiency Claims**

- i. Upon request of the SFMTA, the Contractor shall file Deficiency Claims under California Civil Code § 3068.1, for any fees still owed by the Customer after the Lien sale of vehicles listed as Lien 2 or Lien 3. Before attempting collection of the Deficiency Claim, the Contractor shall send a notice to the registered owner of the amount of the Deficiency Claim, the basis of charges, including the dates and amounts of towing and storage fees, the make, model and license number of the vehicle that is the basis for the Claim, and the amount of the debt, including the amount that is offset by money recovered from the sale or salvage of the vehicle. Documentation of any amounts received by the Contractor on behalf of the City for the sale or salvage of the vehicle shall be included with such notice.
- ii. In the event that SFMTA approves the Contractor using a third-party vendor to provide collection Services on behalf of the City for these Deficiency Claims, the Contractor shall contractually require the third-party vendor to meet the Lien Sale notice requirements of this Section II.J.7. The form of such notice, whether sent by the Contractor or by a third-party vendor, shall be subject to prior approval by City.
- iii. Any amounts incurred to perform these collections will be reimbursed to the Contractor by the SFMTA and all amounts collected will be paid by the Contractor to the SFMTA.

**d. Disposal of Unsold Vehicles**

At least once every other week Contractor shall remove all sold Lien 1 vehicles from the Long-term Secondary Facility.

**e. Records of Vehicle Auction Purchasers**

- i. The Contractor shall require all persons who desire to

purchase vehicles at Auction to pre-register. The Contractor shall require all registrants to provide photo identification with current address. Contractor shall maintain Records of each purchaser's name and address.

- ii. The Contractor shall maintain Records of each purchaser's name and address. The information shall be maintained in TVMS and shall be linked to the vehicle purchased.

**f. Vehicle Sales to Certain Individuals Prohibited**

- i. The Contractor shall not knowingly sell vehicles at Auction to any individuals meeting the following criteria (collectively, "Restricted Auction Participants"):
  - The Contract Monitor and any Close Family Member of the Contract Monitor;
  - The Contractor's employees and any Close Family Member of the Contractor's employees;
  - Any individual designated to provide auditing Services under the Agreement as described; and
  - Any person who is acting or has acted within the previous three years as the Contractor's vehicle Auctioneer, and any Close Family Member of a person who is acting or has acted within the past three years as Contractor's vehicle Auctioneer.
- ii. The Contractor may develop lists of Auction participants who demonstrate a tendency to purchase and subsequently abandon vehicles purchased at Auction on public or private property, and may prohibit such persons and any other persons who are known to have engaged in illegal conduct or conduct prohibited by this Agreement before, during or after an Auction from submitting bids.
- iii. The Contractor must obtain and verify a list of the Restricted Auction Participants at the time of any changes to the current employee list, the Auctioneer and/or the individuals designated to provide auditing Services under the Agreement.
- iv. The Contractor must establish a clear employment policy that prohibits employees and their Close Family Members from making purchases of vehicles at Contractor's Auctions. The policy must be included in Contractor's employee policies manual, and all new employees are required to review and acknowledge acceptance of the employee policies manual at the time of employment.
- v. The Contractor must act immediately to initiate termination proceedings for any employee found to have violated this policy and must immediately notify the City if it has actual knowledge

or suspicion of any employee violating this policy.

- vi. On at least a quarterly basis, The SFMTA may conduct an audit of the of the Restricted Auction Participants list, using the most current list and a random sample set of vehicles sold through the Auction during the given evaluation period, to determine if any vehicle sales within the sample are prohibited under this Section II(J)(7)(f). The Contractor shall provide the necessary tools to facilitate an auditable process.

## **K. Monetary Claims and Service Complaints Tracking**

### **1. Monetary Claims Procedure**

- a. The Contractor shall establish a procedure by which Customers whose vehicles have been towed and/or stored may file a monetary Claim against the Contractor.
- b. The Contractor shall respond to all Monetary Claims **within 14 days of receipt of the Claim**, either to accept, deny or request further information for investigation.
- c. The Contractor shall in all cases endeavor to resolve Claims fairly and expeditiously. The Contractor must resolve all accepted Claims **within six months** of receipt unless:
  - i. Such Claim is abandoned by the Customer's failure to respond to Contractor's communication for a period of one calendar month, or
  - ii. The Claimant files a court action involving the subject of the Claim.
- d. The Contractor shall designate a Claims manager who shall supervise the Contractor's Claims procedures and shall be available during regular business hours to discuss Claims with Customers in person or by telephone.
- e. The Contractor shall maintain electronic Records and an audit trail of all Claims filed and of all correspondence with Customers, including but not limited to denials of Claims, settlement offers and amounts paid on Claims. Records shall be kept for the term of the Agreement, including any extensions.
- f. The Contractor also shall retain any supporting documents submitted with a Claim in accordance with record retention requirements of this Agreement. The Contractor shall respond to City requests to review Records related to Claims within seven days of request.
- g. The Contractor shall track Claims using both paper forms and electronic Records. Using electronic Records, the Contractor shall provide the City with supplemental, specialized reports regarding any Claim upon request within seven days of request.

### **2. Status Reports of Monetary Claims**

The Contractor shall submit a monthly Monetary Claims Status Report that contains the following information:

- a. Claim tracking number
- b. Name of Customer filing Claim
- c. Date Claim received
- d. Name of Contractor employee who processed Claim
- e. Brief description of Claim
- f. Estimated value of Claim, when available
- g. Verified amount of Claim
- h. Status of Claim
- i. Average time between receipt of Claim and resolution of Claim
- j. Brief description of Claim resolution
- k. Date of resolution of Claim

### **3. Service Complaint Procedure**

- a. The Contractor shall establish a procedure by which Customers may submit service Complaints about the Contractor's performance of the Services under this Agreement.
- b. The Contractor shall respond to all Service Complaints, regardless of origin (by mail, phone, in person or via the internet) within seven days of receipt of the Complaint.
- c. The Contractor shall make available to Customers a service Complaint form that includes a self-addressed, pre-paid postage envelope.
- d. The Contractor's Complaint procedure shall allow service Complaints to be submitted by mail, fax, or internet, and shall allow Customers to request a Complaint form by telephone, fax, in person or by email.
- e. The Contractor shall record the name, telephone number, and address of each complainant and the details of each service Complaint.

### **4. Status Reports of Service Complaints**

- a. The Contractor shall maintain a Service Complaint summary in a form acceptable to the SFMTA that contains the following information:
  - i. Complaint tracking number
  - ii. Name of Customer/complainant
  - iii. Date Complaint received



- iv. Name of Contractor employee who processed Complaint
  - v. Brief description of Complaint
  - vi. Status of Complaint
  - vii. Brief description of Complaint resolution
  - viii. Date of resolution of Complaint
- b. The Contractor also shall retain any supporting documents submitted with a Complaint in accordance with record retention requirements of this Agreement. The Contractor shall respond to City requests to review Records related to Complaints ***within seven days of request.***
  - c. The Contractor shall track Complaints using both paper forms and electronic Records. Using electronic Records, the Contractor shall provide the City with supplemental, specialized reports regarding any Complaint upon request ***within seven days of request.***

## **5. City Controller's Audits**

- a. SFMTA reserves the right to perform compliance or financial audits during the term of the Contract through the Controller's Audit Division or by an auditing firm approved by the SFMTA Controller's Audit Division and the SFMTA. The audit report may include but are not limited to the following:
  - i. All monies collected by the Contractor under the Contract
  - ii. A review of all Auction procedures, including compliance with the legal and contractual requirements for the Lien Sale process
  - iii. Procedures to determine compliance with all requirements of the Agreement.
- b. The Contractor shall also provide SFMTA with a copy of any DMV reports or audits of the Contractor's practices or performance of its responsibilities under Contract that are in the Contractor's possession. If such reports are not in the Contractor's possession, the Contractor shall sign a waiver authorizing DMV to share any such reports with SFMTA.

## **6. Acceptance of Parking Citation Payments**

- a. The Contractor shall accept payment of parking Citations at the Primary Storage Facility's CSC during business hours by any Customer regardless of whether the Customer's vehicle has been towed.
- b. As a condition of release of a towed vehicle, the Contractor shall require payment of all delinquent parking violations on the vehicle if there are five or more delinquent violations assigned to the vehicle (scofflaw).

- c. The Contractor shall deposit all monies collected for parking Citation payments in the SFMTA's account designated by the SFMTA's controller, the next business day. The Contractor shall assume all responsibility for any shortages on monies collected for parking Citation payments.
- d. The Contractor shall utilize the SFMTA Citation Management System to determine open Citations and the amount due on each and shall post payments on an on-line basis to the SFMTA's system 24-hours per day, seven days per week.
- e. The Contractor shall pay for hardware, connections and any other costs associated with making the connection to SFMTA's Citation Management System.

## **L. Auctions**

At the SFMTA's election, in its sole discretion, the Contractor shall conduct Auctions using (i) an internet-based platform ("Online Auction(s)") and/or (ii) live in-person Auctions at the Long-Term Storage Facility ("Onsite Auction(s)"). The requirements for each type of Auction are set forth below.

### **1. Requirements for Online Auctions**

The requirements for Online Auctions are as follows:

- a. The Contractor shall subcontract with an SFMTA-approved Platform Provider to conduct Online Auctions on behalf of the SFMTA.
- b. The internet- and/or application-based platform used to conduct Online Auctions shall be accessible to anyone interested in bidding on a vehicle.
- c. The Platform Provider shall not charge users a fee for participating in an Online Auction.
- d. The Platform Provider shall keep records of the following:
  - i. Each participant, including verified email address, verified mobile phone number, user provided ZIP code, and IP address at time of bid;
  - ii. Each bid and winning bid; and
  - iii. Vehicles sold.
- e. The Platform Provider shall not permit or accept sealed bids.
- f. The Platform Provider will be entitled to receive a per-vehicle Online Auction fee equal to the lesser of 11.4% of the vehicle's final bid price (e.g., the amount of the bid price accepted, excluding any buyer's premiums, taxes, and other fees, including the auction sales service fee owing to the City under San Francisco Transportation Code Section 305(a)(2)) or \$999.00. Such per-vehicle Online Auction fee shall be paid by the buyer.

No fees shall be charged to the SFMTA.

- g.** Contractor shall comply with provisions under the California Civil Code by requiring that each vehicle to be auctioned has been available for inspection at a location easily accessible to the public at least one hour before the sale and is at the place of sale at the time and date specified on the notice of sale.
- h.** Online Auctions shall be held at least every other week, for a minimum total of 26 Auctions annually. The Contractor shall notify the Platform Provider of the day of regularly scheduled Auctions. The Contractor also shall notify the Platform Provider a minimum of three days before any additional Auctions shall take place.
- i.** The Contractor shall provide the Platform Provider a report of all vehicles being auctioned, which shall include at a minimum the vehicle makes, models, and the minimum asking price as determined by Contractor (“Pre- Auction Report”).
- j.** The Contractor shall perform software integrations within the TVMS as deemed necessary for Online Auctions to occur.

## **2. Requirements for Onsite Auctions**

The requirements for Onsite Auctions are as follows:

- a.** The Contractor shall hire the services of independent Auctioneers at the Contractor own expense.
- b.** The Contractor shall rotate a full-time Auctioneer at least once per year except with the SFMTA’s prior written approval. The Contractor may propose an alternate model of rotation, but any alternate rotation models are subject to written approval of the SFMTA.
- c.** Upon the Contractor’s request, and with prior written approval by the SFMTA, an individual who has served as a full-time Auctioneer in the past, but not within the preceding year, may again act as a full-time Auctioneer.
- d.** A full-time Auctioneer is defined as one who has performed more than 50% of the Auctions within a given Contract year.
- e.** The Contractor shall keep Records of Auctioneer rotation and shall produce those Records within 48 hours of a request from the SFMTA.
- f.** Onsite Auctions shall be held at least every other week, for a minimum total of 26 Auctions annually. The Contractor shall notify the Auctioneer of the day of regularly scheduled Auctions. The Contractor also shall notify the Auctioneer a minimum of three days before any additional Auctions shall take place.
- g.** The Contractor shall provide the Auctioneer a report of all vehicles

to be auctioned, which shall include at a minimum the vehicle makes, models, and the minimum asking price as determined by Contractor ("Pre-Auction Report).

### 3. Violations

- a. Any Platform Provider or Auctioneer who knowingly bids on Lien Sale vehicles in violation of this Agreement, or who conducts an Auction that in any way benefits their own financial interests or the financial interests.

of any Close Family Member, shall be immediately disqualified from conducting any future Auctions.

- b. The Contractor must act immediately to dismiss a Platform Provider or Auctioneer if the Contractor has actual knowledge of any conduct on the part of the Platform Provider or Auctioneer that is prohibited under this Section, and must immediately notify the SFMTA of any action to address the conduct discovered or suspected.

## II. STAFFING

### A. Tow Firm/Tow Truck Operator Procedures

#### 1. Subcontracting

The Contractor may subcontract with one or more Tow Firms for the provision of towing Services to Contractor in accordance with the Agreement. The Contractor shall submit a list of subcontractors ***within 30 days of the date specified in the Notice to Proceed***. The Contractor must notify the SFMTA of any modifications to the submitted subcontractor list.

#### 2. Vehicle Signage

- a. All tow vehicles used for providing towing Services must bear a sign stating the Contractor's name (above), the Tow Firm's trade name (below), and the Contractor's address and telephone number, all in characters at least 1½ inches high on both tow truck doors.
- b. All tow trucks shall bear an identifying number in characters at least three inches high on both sides of the vehicle. Detachable signs may not be used for this purpose.

#### 3. Tow Firm Subcontracting Agreements

- a. Electronic copies of all signed Agreements entered into by the Contractor with Tow Firms shall be available to the ***SFMTA within seven days of signing***.
- b. The Contractor shall include current documentation of required proof of insurance for each Tow Firm and licenses for operators used by each Tow Firm.

- c. The Contractor is responsible for keeping the SFMTA up to date with the Tow Firms used in performance of the Agreement, including new contracts, the addition or release of any Tow Firm, or renaming of any Tow Firm.

#### **4. Licenses and Permits**

- a. The Contractor shall have and maintain at all times valid licenses and permits and shall require the same of any Tow Firms.
- b. The Contractor shall, at a minimum, audit annually all Tow Firms to ensure that all licenses and permits are up to date and valid and maintain a current file for the Contract Monitor to review and approve. The SFMTA shall reserve the right to direct the Contractor to perform more frequent audits.
- c. The Contractor is responsible for any and all Claims arising out of the failure to maintain current permits and licenses.

#### **5. Operator Staffing**

- a. The procedures and regulations set forth in Articles 30 and 30.1 of the San Francisco Police Code shall apply to all subcontracting Tow Truck Operators and Tow Firms conducting any tow Services under the Agreement.
- b. The Contractor shall require that all Tow Firms and Tow Truck Operators used in the performance of the Agreement to have a valid tow permit license issued by the SFPD.

#### **6. Uniforms**

All subcontractor personnel who have regular, continuous contact with members of the public shall be neat in appearance and courteous to the public.

- a. All Tow Truck Operators must display photo ID badges at all times when on duty. The form and design of the photo ID badges must be approved by the City.
- b. All Tow Truck Operators must wear at all times a standard colored shirt with the name of the employee affixed to right or left side of the shirt. The Contractor or subcontractor's company name shall be displayed on the opposite side of the shirt and/or jacket.

### **III. TOWED VEHICLE MANAGEMENT SOFTWARE (TVMS)**

#### **A. Data Availability**

- 1. The Contractor shall provide SFMTA with, and maintain real-time access to, its database of towed vehicles at all times through a web-based system. On-line access shall be available to SFMTA-designated departments and staff.
- 2. The Contractor shall ensure that data stored in the TVMS is

available on a read-only basis that allows the SFMTA and the Contractor to search for vehicles by license number and VIN number, although the Contractor is welcome to add other means of searching for vehicles.

3. The Contractor's database shall not under any circumstances be maintained using proprietary software that will prevent data analysis/extraction using Excel or comparable software.
4. The Contractor's TVMS must be operational and available at least 98% of the time for any individual calendar month, except in case of failure of third-party providers of electrical power, internet access, cellular communications to provide service.

## **B. Communications**

1. The Contractor's system shall store towed vehicle information that includes but is not limited to the following:
  - a. VIN
  - b. Vehicle license plate number and state of origin
  - c. Vehicle make
  - d. Vehicle model
  - e. Vehicle color
  - f. Location of tow (street and cross street)
  - g. Tow date and time
  - h. Tow equipment used
  - i. Reason for tow
  - j. Time of arrival at the storage Facility
  - k. Date and time of transfer between storage facilities
  - l. Dispatcher ID#
  - m. Tow Truck Operator ID#
  - n. Final disposition of vehicle (released or sold)
  - o. Notes Section (Comments added by customer service representatives from conversations with vehicle owner, lien holder, insurance agent, or any other applicable party).
2. The Contractor shall send towed vehicle information collected on every vehicle towed by each responding Tow Truck Operator in real-time to the TVMS using a wireless communications device. Commute Tows, Special Event Tows, and Regional Sweeps information shall be sent once the tow truck arrives at the appropriate Facility, until enhancements enable Tow Truck Operators to initiate TVMS tow Records from the field.
3. The Contractor shall train employees and Tow Truck Operators

on the procedure for inputting the information on towed vehicles. This initial communication will create a new record indexed to the unique, system-generated field in the TVMS for each tow request.

### **C. User Identification and Permissions**

1. The initial User identification for City employees and other authorized representatives and type of access granted, and any changes must be approved by the SFMTA.
2. The Contractor shall maintain a complete list of Users and associated permissions.
3. The User list shall identify the following:
  - a. Name of User
  - b. User's e-mail address
  - c. Agency of User (applicable to City employees and authorized representatives)
  - d. Permissions, including read only, money handling functions, financial adjustment authority, override authority

### **D. Links to SFPD**

1. ***Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan***, the Contractor shall integrate the TVMS to the SFPD's Computer-Aided Dispatch (CAD) system so that officers can input tow information from the police cars using the CAD.
2. In addition, the Contractor shall, upon the request of the City, determine if it is possible to integrate the TVMS with the California Law Enforcement Telecommunication System (CLETS) to facilitate automated reporting of non-consent tows to Department of Justice system,
3. The integration shall be configured so that no restricted information is available to anyone outside the SFPD.

### **E. Links to Handheld Citation Issuance Devices**

***Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan***, the Contractor shall integrate the TVMS to the SFMTA's handheld Citation issuance devices.

### **F. Electronic Storing and Retrieval of Tow Inventory Slips**

1. The Contractor shall electronically scan and file Tow Inventory Slips of all vehicles being towed and cross-reference the scanned slip to the tow record in the TVMS.
2. The Contractor shall ensure that Tow Inventory Slips are scanned and entered into the TVMS system as soon as the vehicle is delivered

to the PSF or the LSF, and never more than eight hours after a vehicle is towed.

3. Contractor shall ensure that the City has remote electronic access to Tow Inventory Slip information at all times.
4. The Contractor shall retain electronic copies of all tow slips on file for the term of the Agreement. At the end of the Agreement, the SFMTA will indicate what tow slips need to be transferred based on the agency's document retention requirements.

#### **G. Electronic Storing and Retrieval of Waiver/Reimbursement Forms**

1. The Contractor shall scan all manually written reimbursement forms and store the forms as an electronically scanned image, cross-referenced to the tow record in the TVMS.
2. The Contractor shall ensure that the SFMTA has remote electronic access to waiver/reimbursement data at all times.

#### **H. Electronic Form**

1. Upon request of the SFMTA, and with approval of the SFPD, the Contractor shall develop an Electronic Form for SFMTA and SFPD staff to enter waiver information into the TVMS system. An Adobe .PDF or equivalent copy shall be auto populated and made available through the TVMS for each applicable tow. The Electronic Form will act as a replacement for the current paper waiver forms.
2. The TVMS shall allow the SFPD and SFMTA to enter waiver instructions. The TVMS shall automatically apply any fee reductions based on waiver instructions provided. Only designated Contractor staff shall complete a Customer invoice.

#### **I. Vehicle Inventory**

1. ***As of the date specified in the Notice to Proceed***, the Contractor shall maintain an electronic vehicle inventory and vehicle locator system at both the Primary and Long-Term Storage Facilities throughout the term of this Agreement, and any extension(s) thereof, in a manner that is satisfactory to the SFMTA.
2. The Contractor's system must be capable of providing electronically to the SFMTA a daily record containing information including tow date, VIN (if available), vehicle make, model, year, and registered owner of all vehicles and the location of all vehicles both at the time of tow and at any point after the vehicle has been towed.
3. The Contractor shall provide a daily vehicle intake report to authorized City agencies through the TVMS system.

#### **J. Customer Invoices**

1. The Contractor shall maintain uniquely numbered invoices of each transaction involving the removal, impoundment, and disposition of all vehicles towed pursuant to the Agreement.



2. Contractor's invoices shall contain the following information: a) date and time an authorized City agency contacts Contractor to request the tow; b) date, time and location of tow and identity of Tow Car Operator; c) make, model, year, vehicle license number and VIN of vehicle towed; d) name and address of registered owner of vehicle towed; e) inclusive dates of and itemized charges for impoundment; and f) date and manner of vehicle disposition and income received therefrom.
3. Electronic Records of all invoices shall be stored in a manner approved by the SFMTA. The SFMTA shall have the ability to review copies of all invoices through the TVMS upon request.
4. The TVMS shall have the ability to separate electronic authorization of waivers by the SFPD or SFMTA from the Contractor's processing of those waivers.

**K. Integration of Towing Software with Citation Management System (CMS)**

1. ***Within 90 days of Agreement by the Contractor and City on an interface design and joint project plan***, the Contractor shall create an interface between its TVMS and the City's CMS so that Records on each towed vehicle are created in the City's CMS in real-time as the tows occur.
2. Contractor shall ensure that towed vehicle Records in the TVMS are updated in the City's CMS in real-time for any data element that is shared by the CMS and the TVMS.
3. The Contractor must provide City with vehicle intake information to update the CMS within one hour of the intake of the vehicle.
4. The Contractor must enter all vehicle release information into the CMS within twenty-four hours of release of the vehicle.
5. If the vehicle's identifying information cannot be matched between the CMS and the TVMS, the Contractor shall report the discrepancy to SFMTA within 72 hours.
6. At any time during the term of this Agreement the SFMTA may elect to eliminate the use of the City's CMS for entering and tracking towed and impounded vehicles. Should the SFMTA eliminate the data entry of new tow information into the CMS, the interface requirements of this Section would no longer apply. Instead, the sole record of towed and impounded vehicles would be the Contractor's TVMS system, and the City would have the right to audit this data at any time using reasonable auditing methods.
7. If a record of towed and impounded vehicles is no longer maintained in CMS, the Contractor would be required, on a daily basis, to provide the City with a list, in an electronic format that is approved by the City, of all vehicles that are currently impounded.

## **IV. STORAGE AND CUSTOMER SERVICE FACILITIES**

### **A. Facilities Provided**

The SFMTA will make available for the Contractor's use two parcels of property subject to the terms and conditions in the licensing agreements that will be developed from the exemplar in Appendix E of the Tow RFP. The Contractor shall be required to use the Primary Storage Facility for the short-term storage of vehicles towed because they are illegally parked. The Contractor shall use the Long-Term Storage Facility for both the long-term storage of towed and abandoned vehicles that are unclaimed by vehicle owners, and for hosting Auctions of vehicles that are subject to Lien Sale. The Contractor is responsible to keep all open areas on the properties where storage facilities are located maintained in a clean, secure, neat, and visually presentable manner.

### **B. Facility Relocation or Consolidation; As-Needed Relocation Services**

1. The SFMTA, in its sole discretion, reserves the right to move the Primary Storage Facility or Long-term Storage Facility to another location, temporarily or for the remainder of the Agreement's term, or to consolidate these facilities.
2. In the case of such a move or consolidation, and only if so requested by the SFMTA, Contractor shall perform certain As-Needed Relocation Services that may include without limitation the following:
  - u. Perform site preparation work (e.g., cleaning and clearing of site);
  - v. Electrical work and repairs;
  - w. Install or build and maintain on-site improvements (e.g., fencing, lighting, security cameras, waiting area canopy or tent, temporary offices and other temporary structures);
  - x. Install and maintain portable toilets;
  - y. Secure equipment for on-site towing- and storage-related operations (e.g., forklifts, forklift attachments, etc.);
  - z. provide staff, including security guards, lot attendants, customer-service personnel, and cleaning personnel;
  - aa. move on site impounded vehicles from Primary Storage Facility;
  - bb. obtain insurance or other security.

The SFMTA, in its sole discretion, reserves the right to add to these As-Needed Relocation Services additional services of a similar scope as required to facilitate Contractor's move or consolidation. The scope and price for As-Needed Relocation Services shall be established on a case-by-case basis and documented in a task order. (See task order process in Section 4.1.2)

### **C. Electronic Security Systems**

1. The Contractor shall purchase, install and maintain a camera-based security system that can be accessed remotely for the customer service areas, SFPD's Crime Scene Investigation Unit (CSI) bays, all towed vehicle storage areas of the Primary Storage Facility, and the customer service, towed and investigative vehicle storage, and Auction areas of the Long-term Storage Facility.
2. The Contractor's system must have the capacity to allow designated City staff access to camera views at both facilities.
3. The Contractor's system must be reviewed and approved by the SFMTA prior to acceptance.
4. Upon termination of the Agreement, the SFMTA will determine the disposition of the security equipment and will either negotiate purchase of the equipment from the Contractor or will instruct the Contractor to remove all equipment.

### **D. Licenses for Occupancy**

The SFMTA shall grant the Contractor two licenses, one for each Facility, permitting the Contractor to occupy and use each property to perform the operations described herein, subject to the Contractor's compliance with the terms and conditions of the Agreement and license. These licenses will be appendices to the Agreement.

### **E. Vehicle Dismantling/Crushing Prohibition**

The Contractor is prohibited from dismantling or crushing vehicles or removing vehicle fluids at either Facility, except as needed to comply with applicable environmental regulations to be identified in the license for each Facility.

### **F. Maintenance of Facilities**

The Contractor is responsible for ongoing maintenance of all property and equipment within both Facilities, including equipment used by the SFPD as referred to in items G and H of this Section.

### **G. Primary Storage Facility**

#### **1. Components**

The Primary Storage Facility, currently located at 450 – 7<sup>th</sup> Street, consists of the Customer Service Center, short-term parking lot and a segregated, gated area for the SFPD's Crime Scene Investigation unit.

#### **2. Time Constraints**

- a. The Contractor shall store all towed vehicles that are normally claimed by their owners within 48 hours after being towed, including all towaway and driveway tows, at the PSF.
- b. Vehicles shall be moved to the Long-term Storage Facility per a schedule approved by the SFMTA. Initiation of the vehicle release

process shall begin at the Primary Storage Facility.

### **3. Sales Prohibition**

No sales of vehicles or parts shall be conducted at the Primary Storage Facility.

### **4. Customer Service Center**

At the CSC, Customers may recover vehicles in person, and may pay towing and storage charges, Citation fees, boot fees, and other applicable fees, and/or process any documentation required for vehicle release.

### **5. SFPD Investigative Vehicle Work and Storage Areas**

- a. The SFPD currently has indoor space for investigative work done by the Crime Scene Investigation Unit, consisting of two bays and an office, and outdoor space to store investigative vehicles, consisting of covered space for 12 vehicles and additional 38 spaces.
- b. ***Within 60 days of the date specified in the Notice to Proceed***, the Contractor shall obtain a quote, subject to SFMTA approval, for the work necessary to upgrade the current workspace as follows:
  - i. Remove six current non-working hydraulic vehicle lifts (three in each bay).
  - ii. Replace with one electronic vehicle lift in one bay, and one electronic lift and one motorcycle lift in the second bay.
  - iii. Replace current fencing for investigative vehicle storage with aluminum fencing to prevent view of the stored investigative vehicles.
  - iv. Upgrade lighting within the bays to allow for detailed examination of vehicles on lifts.
  - v. Install in storage space and bays camera surveillance equipment that saves footage for up to 120 days and can be viewed upon request by the SFPD.
  - vi. Contractor shall submit all bills for upgrading the CSI bays and fencing to the City for reimbursement.

## **H. Long Term Storage Facility (LSF)**

### **1. Components**

The LSF currently consists of two customer service areas (one for vehicle retrieval and one for Auction-related Services), Contractor office space, an Auction area, and SFPD hold areas (indoor and outdoor) with office space, and long-term vehicle storage space.

## **2. Business Hours**

The Primary Storage Facility shall be open for business 24 hours per day, 7 days per week, including holidays. The Long-Term Storage Facility shall be open for business from 8 a.m. to 5 p.m. Monday through Friday and 8 a.m. to noon on Saturday. However, vehicles stored in the Long-Term Storage Facility must be available for release or transport to the Primary Storage Facility at any time in compliance with the release requirements stated herein.

## **3. Lease Obligations to Owner of Facility**

The Contractor must sign a license with SFMTA for each Facility that includes Contractor's agreement to assume all responsibilities for and be bound by all covenants, terms, and conditions of the SFMTA's lease agreement each Facility.

## **4. SFPD Requirements**

- a. The SFPD hold and No ID examination areas are as follows:
  - i. Indoor space for at least twenty-five (25) No ID vehicles.
  - ii. One vehicle lift and one motorcycle lift.
  - iii. Secured indoor space for at least 100 Investigative Hold vehicles.
  - iv. Secured outdoor space for at least 175 Investigative Hold vehicles.
- b. No person shall be allowed access to an Investigative Hold vehicle or retrieve personal property from such vehicle without written authorization from the SFPD.
- c. If the SFPD designates an Investigative Hold vehicle as an evidentiary vehicle at the time of the tow request, the Contractor shall ensure that the towing and storage of the vehicle is conducted in accordance with any standards for handling and preservation of evidence provided to Contractor by the SFPD in writing.
- d. The Contractor shall maintain the Investigative Hold areas in a manner which ensures its ability to locate vehicles requested by SFPD within one hour of SFPD's request. The Contractor may, from time to time, request training for Tow Truck Operators and employees for the handling of evidentiary vehicles from the SFPD.

## **I. Additional Requirements for Both Facilities**

1. The Contractor must comply with all federal, State and local laws, and safety regulations applicable to its proposed use.
2. The Contractor shall ensure that all areas, including those servicing Customers for vehicle pick up and Auction activities are clean and well maintained.
3. The Contractor shall meet all onsite environmental requirements for handling and storage of hazardous materials.

4. The Contractor shall be responsible for existing gate and fencing maintenance.
5. The Contractor shall repair any damage to the existing pavement on Facility property during the normal course of business.
6. The Contractor shall maintain adequate lighting for indoor and nighttime safety of employees and Customers.
7. The Contractor shall ensure adequate drop off-space so that tow and transport trucks can quickly and efficiently load and unload on the property. No loading, unloading, parking or storage of vehicles shall be permitted on the surrounding public streets or right of ways.
8. The Contractor is prohibited from selling vehicle parts at the Facility.

#### **J. Reconfiguring SFPD Areas**

Any modifications to the configuration at the PSF and LSF must be approved, in advance and in writing, by the City.

#### **K. Right to Inspect**

Any authorized representative of the SFMTA has the right to inspect the Contractor's Primary and Long-Term Storage Facilities at all times for the purpose of evaluating the Contractor's performance. SFMTA officials and inspectors may conduct periodic site visits at any time to inspect for permit conformance and customer service standards, or to respond to Customer Complaints. Contractor must provide the SFMTA with unrestricted access to the Primary and Long-Term Storage Facilities.

### **V. REPORTING**

- A. The Contractor shall provide SFMTA the ability to access static reports via a real-time, web-based reporting system.
- B. The Contractor's reporting system shall also allow for on-demand, ad hoc requests and system monitoring.
- C. The Contractor shall be prepared to assist the SFMTA in responding to requests for tow-related information from the public and to produce request reports within 48 hours of the request unless otherwise specified.
- D. The TVMS must have the ability to generate predefined reports, including but not limited to the following:

#### **1. Daily Reports**

Tow Activity

#### **2. Weekdays**

- a. Citations
- b. Holds – Daily
- c. Holds – in excess of 350
- d. Payment Details

- e. Receipt Fee Items
  - f. Tow Response – Daily
  - g. Unreleased Vehicles
- 3. Weekly**
- Holds - Active
- 4. Monthly Reports**
- a. Auctioneer
  - b. Claims
  - c. Complaints
  - d. DBE
  - e. Dropped Tows - Monthly
  - f. Financial and Operational Summary
  - g. Released Vehicles
  - h. Sales - Deficiency
  - i. Sales - Excess
  - j. Service - Call Center
  - k. Service - In-Person
  - l. Sold Vehicles
  - m. Sold Vehicles - Buyers
  - n. Special Event Tows - Monthly
  - o. Staffing Levels
  - p. Stolen Vehicles - Monthly
  - q. Stored Vehicles
  - r. Survey
  - s. Tow Activity - Monthly
  - t. Tow Response - Monthly
  - u. Transfers – Monthly
- 5. Quarterly**
- Subcontractor Performance
- 6. Fiscal Year**
- a. Abandoned Vehicle Abatement
  - b. Dropped Tows
  - c. Revenue by Agency

- d. Special Event Tows
- e. Stolen Vehicles
- f. Tow Activity - Equipment Type
- g. Transfers

**7. Special – every 20 minutes or as needed**

Scheduled Tows – Towaway

**8. Upon update or as needed**

- a. Management Contact List
- b. List of Subcontractors

**VI. OPERATIONS MANUAL**

- A. The Contractor shall update and submit the plans listed below for SFMTA approval within 90 days of the date specified in the Notice to Proceed. The SFMTA will provide edits within 90 days of the receipt of all plans. The SFMTA reserves the right to request additional updates for one or all plans as needed.
- B. The Contractor is responsible for maintaining an Operations Manual consisting of plans for various Services to be provided under this Agreement.
- C. The Operations Manual shall include the following plans:
  - 1. Customer Service Plan
  - 2. Policy and Procedures Plan
  - 3. Auctioneer Staffing Plan
  - 4. SFPD Procedures Plan
  - 5. Public Auction Plan
  - 6. Monetary Claims Processing Plan
  - 7. Customer Service Complaint and Response Procedures Plan
  - 8. Adjustment Procedures, Reconciliation, and Oversight Plan
  - 9. Security and Personal Property Plan
  - 10. Vehicle Valuation Standards Plan
  - 11. Facilities Management and Maintenance Plan
    - a. Pollution prevention
    - b. Preventative maintenance.
    - c. Ensuring the acceptable condition of the premises if Contractor vacates the Facility.
    - d. Safety, (including fire prevention regulations from the San Francisco Fire Department, and training for surveillance of the



premises.

- e. Plans for future tenant Improvements.
- f. Outreach to residents in the immediate vicinity (Bayshore).

## **VII. FEES, DEPOSITS, AND HANDLING OF MONIES**

### **A. Contractor Fees to the SFMTA**

The Contractor shall submit monthly invoices to the SFMTA for fees as outlined in Appendix B – Calculation of Charges.

### **B. Fees Collected on behalf of the SFMTA**

The Contractor shall collect all fees due on a particular vehicle prior to the release of the vehicle, except where specifically noted.

#### **1. Administrative Towing and Storage Fees**

The Contractor shall collect SFMTA administrative, towing and storage fees for all vehicles recovered by the vehicle owner. The amount of these fees is subject to change in accordance with the provisions of San Francisco Transportation Code § 305. The schedule of fees shall be posted on the SFMTA's website. The Contractor shall verify that all charges have been codified and shall not collect fees from vehicle owners that are not explicitly listed in the schedule of fees or San Francisco Transportation Code § 305.

#### **2. Citation and Boot Fees**

- a. The Contractor shall collect payments of Citation and boot fees from Customers with towed vehicles and from members of the public whose vehicles have not been towed, in accordance with all requirements set forth in this Agreement.
- b. Before releasing a towed vehicle that has five or more delinquent Citations, Contractor must collect payment for all delinquent Citations before releasing the vehicle. When a towed vehicle has fewer than five delinquent Citations, Contractor may accept payment for any delinquent or non-delinquent Citations that the Customer wishes to pay. Payment of Citations is not required for a Customer to secure vehicle release if the vehicle has fewer than five delinquent Citations.

#### **3. SFPD Traffic Offender's Fee**

The Contractor shall collect all Traffic Offender's Fees and provide a monthly report of Traffic Offender Fee amounts for the SFMTA.

### **C. Waiver Protocol**

- 1. The Contractor shall accept waivers issued only by the SFMTA and SFPD with documented (electronic or written) approval by authorized personnel as provided by the SFMTA.
- 2. Application of waivers to Customer invoices must be processed by

Customer Service Center staff only and must be reviewed by the Customer Service Center's manager (or equivalent).

3. In the event that:
  - a. The SFMTA or the SFPD determines pursuant to a post-storage hearing as required by Vehicle Code § 22852 that the towing, storage, transfer, lien, and/or other fees shall be waived for a vehicle, or
  - b. SFMTA or the SFPD otherwise determines that the fees for the towing, storage, transfer, lien, and/or other fees shall be waived for a vehicle pursuant to Section 303(b) of the Transportation Code,

No such fees shall be charged to the owner or operator of such vehicle. The Contractor shall ensure valid approval of the waiver is received and maintained, and that all transactions are auditable.

4. Failure to adhere to waiver protocol in this section may result in the SFMTA deducting the waiver amount from monthly billings paid to the Contractor.

#### 5. Reimbursements

In the event that the owner or operator of a vehicle has paid for towing, storage, transfer, lien and/or other fees and the City subsequently decides to reimburse the towing, storage, transfer, lien and/or other fees, then Contractor shall direct the Customer to the SFMTA Customer Service Center at 11 South Van Ness Avenue and the City will reimburse the owner or operator in full the amounts previously paid to Contractor for such vehicle, or as directed by the SFMTA.

### **D. Deposit Requirements**

1. The Contractor shall have effective controls to accurately collect and safeguard funds and demonstrate an adequate separation of duties.
2. Except as otherwise specified herein, the Contractor shall deposit all funds collected under this Section VII within 24 hours of receipt into an account specified by the City, Monday through Friday, not including weekends and holidays.
3. Any funds with a deadline for deposit that falls on a weekend or a holiday shall be deposited no later than the next business day.
4. All funds due to the SFMTA under this Section shall be paid by the Contractor without prior demand by the SFMTA and without any deduction, setoff, or counterclaim whatsoever, except as expressly provided herein.

### **E. Deposit of Funds Collected**

The Contractor shall accept the following payment methods:

**1. Cash:**

- a. The Contractor shall reconcile all cash receipts on the following business day from the date collected. The Contractor shall deposit all revenue into the SFMTA's designated account on the following business day from the date collected.
- b. In the event that the Contractor fails to deposit cash revenues, on the following business day from the date collected, the Contractor shall reimburse the SFMTA for the loss of interest for every calendar day that the deposit is delayed.
- c. The Contractor may be excused from this provision in cases where delay occurred outside of the Contractor's control (e.g., natural disaster, power loss, armored service pick up failure, etc.).
- d. The Contractor shall notify the SFMTA in writing when this occurs; describing any conditions that it alleges will excuse its performance.
- e. All cash receiving and reconciliation operations shall be performed under camera surveillance. SFMTA shall have access to a "live" view of such surveillance. The Contractor shall keep an electronic copy of all procedures recorded for a minimum of 90 days. These recordings shall be made available to the SFMTA within one business day of the SFMTA's request.
- f. All collected funds shall be shipped from Contractor's Facility via armored transport vehicle.

**2. Debit and Credit Cards**

- a. The Contractor shall accept debit and credit cards approved by the City, including Discover, Visa, and Master Card. The City currently does not accept AMEX or other cards.
- b. The City will supply the Contractor with credit card processing terminals and equipment. The Contractor is strictly prohibited from using any credit card processing terminal or equipment not provided by the City.
- c. The Contractor shall route all credit card payments to the City's merchant account processor, currently Bank of America Merchant Services (BAMS).
- d. The Contractor shall accept in-person credit card transactions only. The SFMTA reserves the right to approve in writing alternative methods of accepting credit card payments, including online or Interactive Voice Response (IVR) transactions.  
The Contractor is strictly prohibited from accepting any credit card payments through a method that is not authorized by the City, including fax payments.
- e. The City shall designate the gateway provider and reserves the

right to change the gateway provider at any time during the term of the Agreement and the SFMTA may assume costs for gateway fees directly.

- f. Upon notification, the Contractor shall transition to the provider chosen by the City and will negotiate the transition period and charges associated with a change of gateway provider.

### **3. Checks**

- a. The Contractor shall accept checks, with the exception of foreign checks; no foreign checks shall be accepted. All check payments shall be routed to the City's designated account (currently with Bank of America Merchant Systems (BAMS)).
  - b. The City will supply and set up all the necessary check scanning and verification equipment and terminals. The Contractor is strictly prohibited from accepting any remotely created checks, faxed checks, or check payments thru a scanner not provided by the City or via other means not approved by the City.
- c. The Contractor shall meet all the preferred technical requirements set forth by the City and BAMS.

### **F. Record Keeping**

- 1. The Contractor shall maintain, in accordance with generally accepted accounting principles, complete and accurate books of accounts and Records relating to all items of income received and expenses incurred in the performance of this Agreement.
- 2. Such books of accounts shall be maintained at the site approved by the SFMTA and in compliance with San Francisco Administrative Code Section 67.29-7(c).

### **G. Payment Shortages**

- 1. Should the Contractor fail to collect all amounts due from a Customer, the Contractor shall pay the SFMTA any amounts not collected as required herein. The Contractor shall follow any procedures required by the SFMTA to report overages or shortages. The SFMTA shall deduct, any payment shortages from any monies due to the Contractor.
- 2. Exceptions to this requirement are 1) failure is caused solely by the negligence of SFMTA, 2) a failure of the Citation Management System, or 3) failure because vehicle sold at Auction and sale price insufficient to pay all accrued City fees.
- 3. The Contractor shall inform the Customer that in lieu of providing payment for fees, they have the option to surrender title to their vehicle to City to stop the accrual of storage fees and mitigate the total fees due. The Contractor must provide clear documentation of the

following:

- a. Date of transfer
- b. Estimated Lien valuation (i.e., Lien 1, Lien 2, or Lien 3)
- c. Receipt of the following title transfer documents:
  - i. Certificate of Title (signed by registered owner and legal owner)
  - ii. Application of Duplicate Certificate of Title with current registration (for California only)
  - iii. Bill of Sale
  - iv. Lien Satisfied (this is required if the legal owner has not signed over title)
- d. A written statement that the Customer signs stating as follows:

*"I acknowledge that abandoning my vehicle or surrendering the certificate of title does not relieve me of any fees owed for towing, storage, or Citations in excess of the vehicle sale price, and that the remaining balance of fees owed for towing, storage, or Citations, if any, may be subject to collections."*
4. The Contractor shall submit documentation forms for surrender of title to the SFMTA for review and approval prior to distributing to the public.
5. All documentation shall be scanned and electronically attached to the Customer's towed vehicle file for future reference purposes.

**EXHIBIT 2**

**APPENDIX B  
CALCULATION OF CHARGES – REVISED  
(JUNE 24, 2025)**

**APPENDIX B  
CALCULATION OF CHARGES – REVISED  
(JUNE 24, 2025)**

**A. Monthly Management Fee:**

**1. Invoicing and Payment Timing**

At the beginning of each calendar month of service, Contractor shall provide an invoice to the SFMTA for the fixed monthly management fee for the same service month in the amount of \$665,356, as adjusted based on the terms of this Appendix B. **No further adjustments shall apply to the fixed monthly management fee after the May 1, 2025 adjustment.** Payment of the invoice shall not be made until after the service month is complete.

**2. Fee Adjustment for Tow Volume Changes**

If tow volumes increase or decrease significantly, requiring a change in staffing levels, the SFMTA and Contractor will in good faith renegotiate the fixed monthly management fee to ensure that the cost per tow to the public is not impacted.

**3. Ongoing Credit Reduction in Management Fee**

Beginning May 1, 2020, and for the remainder of the term of the Agreement, the fixed monthly management fee otherwise owing to Contractor shall be reduced by \$39,274.00, which amount will be referred to as the “credit reduction in management fee.” Refer to table in Section A-4 for historical application.

**4. Temporary Fee Cap (CPI Give-Back – No Longer in Effect)**

Between May 1, 2021, through March 31, 2023, the fixed monthly management fee was temporarily capped at \$706,318.31. This cap was implemented during the COVID-19 emergency period to account for lower tow volumes and related operational impacts. To achieve this cap, a “CPI give-back” total was applied—reducing the adjusted monthly management fee that would otherwise have been owed, as shown in the table below. The CPI give-back expired March 31, 2023, and is no longer in effect.

	<b>Effective Date</b>		
	<b>May 1, 2020</b>	<b>May 1, 2021</b>	<b>May 1, 2022</b>
Monthly Management Fee	\$ 745,592.31	\$ 758,767.39	\$ 758,767.39
Credit Reduction in Management Fee	\$ (39,274.00)	\$ (39,274.00)	\$ (39,274.00)
CPI give back	\$ -	\$ (13,175.08)	\$ (35,938.10)
Net Monthly Management Fee	\$ 706,318.31	\$ 706,318.31	\$ 706,318.31

**5. Monthly Adjustment for New Insurance Requirements**

Effective the first day of the month immediately following the date of the Tenth Amendment to this Agreement, the fixed monthly management fee otherwise owing to Contractor shall be increased by \$17,707.27 per month to account for the updated insurance requirements under Amendment No. 1 to Revocable License Agreement to Enter and Use Property by and between the City and County of San Francisco and TEGSCO LLC. This insurance cost adjustment shall be applied after all other fee components and shall not be included in the base amount used for calculating future CPI- or volume-based adjustments.

**B. Per-Unit Fees:**

Within ten days after the end of each calendar month of service, Contractor shall provide an invoice to the SFMTA for Services completed in the immediately preceding month for the following per-unit fees, as adjusted based on the terms of this Appendix B. **No further CPI-based adjustments shall apply to per-unit fees after the May 1, 2025 adjustment.**

<b>Fee Type</b>	<b>Fee Amount (2016)</b>
Tow fee (per vehicle towed)	\$66.55
Dolly/flatbed fee (per vehicle)	\$40.63
Transfer fee (per vehicle transferred to LSF)	\$31.05
Lien processing fee (per vehicle)	\$15.72
Auction fee (per vehicle sold)	\$73.59
Dropped Tow fee (per vehicle)	\$14.51
Text-Before-Tow Drop fee (per vehicle)*	\$38.00

\* Text-Before-Tow Drop fee added by the SFMTA on May 1<sup>st</sup>, 2023.

**C. Annual CPI-Based Adjustments to Fees:**

**[Amended as of the Tenth Amendment]**

Effective **May 1, 2026**, the annual CPI-based adjustments described in this Section C shall no longer apply for the remainder of the Agreement term. Accordingly, the fixed monthly management fee, per-unit fees, and insurance cost adjustment shall remain at their then-current levels, except as otherwise expressly modified by this Appendix B or by written amendment.

**[Historical Language from Original Agreement – Retained for Reference Only]**

*The following provisions reflect the original CPI adjustment mechanism as set forth in the Agreement prior to the Tenth Amendment. These provisions are no longer in effect as of **May 1, 2026**, but are retained here for historical and interpretive purposes.*

Each year, on the first calendar day of the month following the anniversary of the



Effective Date of the Agreement, fees listed in this Appendix B shall be adjusted: 1) in direct proportion to the percentage increase in the current Consumer Price Index for Urban Wage Earners for the San Francisco Bay Area ("CPI") for the month immediately preceding the applicable anniversary date ("Current Index") over the CPI for the month of March 2016 ("Base Index"), or 2) by 3%, whichever is lower. If the Current Index has increased over the Base Index, the adjusted fee amount shall be calculated by multiplying the current fee amount by a fraction, the numerator of which is the Current Index and the denominator of which is the Base Index, as follows:

$$(\text{Current Index} \div \text{Base Index}) \times \text{Current Fee} = \text{Adjusted Fee Amount}$$

**Note:** On May 1, 2018, and May 1, 2023, the SFMTA increased the “Dropped Tow fee” (per vehicle) from \$14.95 to \$20.56 and \$22.76, to \$30.00, respectively, in each case by more than the annual adjustments otherwise authorized under this Appendix B. The SFMTA reserves the right to make similar increases in fees by more than the amounts otherwise authorized in the Appendix B.

**D. As-Needed Relocation Services:**

Within ten days after the end of each calendar month of service, Contractor shall provide an invoice to the SFMTA for As-Needed Relocation Services, if any, completed in the immediately preceding month. Payment terms for said work shall be set forth in the corresponding task order issued under Section 4.2.

**EXHIBIT 3**

**AMENDMENT NO. 1 TO  
REVOCABLE LICENSE AGREEMENT TO ENTER AND USE PROPERTY  
BY AND BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO  
AND TEGSCO LLC**

**EXHIBIT 4**

**CALTRANS LETTER DATED NOVEMBER 11, 2024  
NOTICE OF UPDATED INSURANCE REQUIREMENTS AND POLICY CHANGES  
UNDER THE AIRSPACE LEASE PROGRAM**