



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR DATE: March 5, 2009
CITY GENERATED ZONE TOWING SERVICES

Approved

Christine J. Stupp

Date

3/10/09

RECOMMENDATION

Report on Request for Proposal (RFP) and adoption of a resolution authorizing the Director of Finance to:

1. Execute five-year agreements with each of the following companies for City Generated Zone Towing Services:
 - Zone 1: Matos Auto Towing and Transport (San Jose, CA)
 - Zone 2: City Towing, Inc. (San Jose, CA)
 - Zone 3: Century Tow (San Jose, CA)
 - Zone 4: Motorbody Company, Inc. (San Jose, CA)
 - Zone 5: Courtesy Tow Services, Inc. (San Jose, CA)
 - Zone 6: Delta Towing, Inc. (San Jose, CA)
2. Exercise two one-year options to extend the agreements.
3. Award any Zone to an alternate tow company and to execute an Agreement with that company in the event that any of the companies recommended above is unable to deliver the required deposit and contract documentation by 4:00 PM on March 25, 2009.

OUTCOME

Provide efficient and high quality towing services to residents of the City of San José.

BACKGROUND

Since April 1, 2003, the City has had agreements with six towing contractors for City generated zone towing services. The current agreements are scheduled to expire on March 31, 2009. The agreements are specific to tows of citizen owned vehicles that are requested by City staff. Services include towing for:

- The Police Department for accident and vehicle violations.
- The Department of Transportation for abandoned, inoperable and illegally stored vehicles on the public right-of-way.
- Code Enforcement Division for the Neighborhood Clean-up Program.

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Towing of City fleet vehicles is not included in these agreements. Services do not include general towing services for City-owned vehicles or as requested by residents. Each towing zone defines a specific geography within the City and one contractor is awarded exclusive towing privileges within a designated zone.

On March 25, 2008, Council approved the alignment of the City's tow service charges with the California Highway Patrol (CHP) highest tow service rate(s) for the Golden Gate Region. The CHP rates are adjusted annually on July 1. The resolution (see attached) also establishes a compensation rate to the City of \$60 per tow (vehicle or motorcycle) and a dispatch fee of \$6 per dispatch. The City generates approximately 24,000 tow requests annually; generating approximately \$1.6 million in revenue for the City.

On October 21, 2008, Council accepted staff's recommendation, as approved by the Transportation and Environment Committee, to issue a Request for Proposals for City generated zone towing services that substantially maintained the current program requirements except for the following:

- Addition of Ground Positioning System (GPS) technology for all tow vehicles.
- Alignment of storage facility staffing hours with the Police Auto Desk.
- Modification of the security deposit from the previous sliding scale to a fixed deposit amount of \$40,000 per zone, with a maximum cap of \$80,000 for up to three zones.

ANALYSIS

On November 3, 2008, the Finance Department released a Request for Proposal (RFP) for City Generated Zone Towing Services on the City's e-procurement system. Fourteen companies viewed the RFP and representatives from ten companies participated in the mandatory pre-proposal conference held on November 13, 2008.

Proposals were received from eight companies by the December 10, 2008 deadline as follows:

Zone	Proposer
1	Matos Auto Towing and Transport (San Jose, CA)
	Rebello's Towing Services, Inc. (San Jose, CA)
2	City Towing, Inc. (San Jose, CA)
3	Century Tow (San Jose, CA)
	Extreme Towing, Inc. (San Jose, CA)
4	Motorbody Company, Inc. (San Jose, CA)
5	Courtesy Towing, Inc. (San Jose, CA)
6	Delta Towing, Inc. (San Jose, CA)
	Extreme Towing, Inc. (San Jose, CA)

Minimum Qualifications: The initial evaluation was a pass/fail assessment of each proposal to ensure that all required forms and documentation were complete and minimum qualifications were met.

When the evaluation team conducted a physical inspection of the secondary storage facility designated by Rebello's Towing Services, staff determined that the facility was improperly permitted and maintained. A properly permitted and maintained secondary storage facility was one of the required minimum qualifications. Therefore, Rebello's proposal was disqualified from further consideration.

Evaluation Team: A three member evaluation team was named with representatives from Planning, Building, and Code Enforcement.

Evaluation Process: The team evaluated and scored each proposal and validated the information provided through a site visit and facility evaluation of both the primary and secondary storage facilities (where applicable) for each proposer.

Compliance with City Service Requirements/Policies (35%): Staff evaluated and scored critical factors such as vehicle storage capacity, security (closed circuit cameras, automated gating, etc.), facility compliance with City ordinances and regulations, land use and regulatory permits, environmental regulations, tow truck and related equipment, and up-to-date vehicle endorsements and operator permits.

Quality of Services (35%): Staff conducted site visits of all proposer locations to verify that all required forms and notices were conspicuously posted for public viewing, proper mounting of required signage was in place, covered customer waiting areas existed, and properly installed and monitored closed circuit surveillance systems were present. In addition, staff verified that procedures for vehicle inventory, theft prevention, complaint processing, and employee training accurately reflected RFP requirements.

Capability and Experience of Contractor (20%): The evaluation team verified the experience level of each proposer through review and verification of Business license(s) and active valid tow drivers' permit(s). Documents and records were inspected at each facility.

Local and Small Business Preference (10%): Ten percent of the total evaluation points were reserved for local and small business preferences in accordance with City policy. All proposers submitted the appropriate documentation and were eligible for the 10% Local and Small Business Enterprise preference. The application of the preference had no impact on the outcome of the evaluation scores.

Recommendation: Based on the evaluation process, staff recommends award of contract for City Generated Zone Towing to the contractors identified by zone in bold print in the table on the following page.

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Zone	Proposer	Minimum Qualifications (Pass/Fail)	Compliance with Service Requirements and Policies (35 Points)	Quality of Service (35 Points)	Capabilities & Experience (20 Points)	LBE/SBE (10 Points)	Total
1	Matos Auto Towing and Transport	Pass	35	35	19	10	99
	Rebello's Towing Services, Inc.	Fail	N/A	N/A	N/A	N/A	N/A
2	City Towing, Inc	Pass	34	33	19	10	96
3	Century Tow	Pass	34	35	14	10	93
	Extreme Towing, Inc.	Pass	33	23	20	10	86
4	Motorbody Company, Inc.	Pass	35	35	14	10	94
5	Courtesy Towing Services, Inc.	Pass	35	33	19	10	97
6	Delta Towing, Inc	Pass	35	35	19	10	99
	Extreme Towing, Inc.	Pass	33	23	20	10	86

RFP Debriefing Sessions and Protest: Rebello's Towing Services, Motorbody Company, and Extreme Towing met with staff to review the scores for their respective proposals.

On February 5th, a protest was received from Extreme Towing contesting the evaluation team's assignment of lower scores in the areas of security and related theft protection procedures and customer service facilities. The City's Chief Purchasing Officer reviewed the scoring process and the evaluation documentation and determined that the scoring by the evaluation team was fair and consistent. Specifically, per the evaluation process outlined in the RFP, the evaluation team visited each vehicle storage location to determine the full capabilities of the proposer and to verify the site requirements as stated in the RFP. At the site visit of Extreme Towing's vehicle storage facility, the evaluation team was not able to verify that:

- Extreme Towing's security system displayed a live feed for monitoring ingress and egress areas of stored vehicles.
- Extreme Towing's facility satisfied the security requirements of the vehicle storage facility.
- Appropriate theft prevention procedures were established.
- A restroom facility was available for public use.

Therefore, the City's Chief Purchasing Officer denied the protest.

Summary of Agreement

Under the agreement, each tow company will provide the following services, which are tied to specific performance standards:

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- Response to tow requests within 30 minutes.
- Fully staffed vehicle storage facility for vehicle pick up during the hours of 8:00 AM and 7:00 PM, Monday through Friday, and between 10:00 AM and 4:00 PM on Saturday and Sunday.
- Vehicle pick-up location within the City of San Jose.
- Storage facilities that meet current building code and use permit requirements.
- Prompt customer complaint processing and responses.
- Allowable rates charged to vehicle owners are those set forth in the tow rate resolution (see attached), which are in alignment with the highest rate approved by the California Department of Highway Patrol Tow Services Agreement for the Golden Gate Region. The resolution includes the compensation to the City.
- Liquidated Damages for infractions of various agreement provisions.

The agreement is subject to the City's Living Wage Ordinance.

Prior to contract execution, the RFP required that all awardees properly submit contract documentation (such as insurance verification) and a \$40,000 security deposit. At the time that this memorandum was being prepared, Staff was contacted by one of the recommended companies to express concerns that they would not be able to meet the security deposit requirement.

In the event that a recommended company is unable to provide the required documentation of compliance with the RFP requirements on or before 4:00 PM, March 25, 2009, then Staff requests the authority to select an alternate qualified company subject to the following restrictions:

1. The company must have submitted a responsive proposal in the respective zone (passed all minimum qualifications)
2. A single company may not be awarded more than three zones
3. The company must provide all required documentation and deposits within 48 hours after notification and acceptance of the additional zone

If staff is not able to secure a qualified company subject to the restrictions outlined, then staff will return to Council recommending amendment of the current contract for a particular zone. An amendment will allow for sufficient time to issue a new Request for Proposal for that zone.

EVALUATION AND FOLLOW-UP

This memorandum will not require any further follow-up from staff.

POLICY ALTERNATIVES

Not Applicable.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, and staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the criteria listed above, this memorandum will be posted on the City's website for the March 24, 2008 Council agenda.

COORDINATION

This memorandum was coordinated with the Planning, Building, and Code Enforcement and the Transportation Departments, the Office of Equality Assurance, the City Manager's Budget Office, and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, "We must focus on protecting our vital core City services."

COST SUMMARY/IMPLICATIONS

These revenue generating agreements are expected to generate approximately \$1.6 million of revenue per year for the General Fund.

BUDGET REFERENCE

Not Applicable.

HONORABLE MAYOR AND CITY COUNCIL

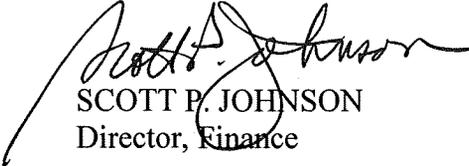
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CEQA

Not a project.



SCOTT P. JOHNSON
Director, Finance

For questions please contact Walter C. Rossmann, Chief Purchasing Officer, at (408) 535-7051.