



390 E Gish RD 8150 Enterprise DR  
 San Jose, CA 95112 Newark, CA 94560  
 (408) 995 - 6900 (510) 739-0400

October 24, 2017

<p><i><b>Via Certified Mail, Return Receipt &amp; Via Facsimile (408/292-6482)</b></i>          City of San Jose          Attn: Director of Finance          200 E. Santa Clara Street          San Jose, CA 95113</p>	<p><i><b>Via Certified Mail, Return Receipt &amp; Via Facsimile (408/920-7007)</b></i>          City of San Jose          Attn: City Manager          200 E. Santa Clara Street          San Jose, CA 95113</p>
<p><i><b>Via Certified Mail, Return Receipt &amp; Via Facsimile</b></i>          City of San Jose          Office of Equality Assurance          200 E. Santa Clara Street, 5<sup>th</sup> Floor          San Jose, CA 95113</p>	

**Re: Agreement for City-Generated Tow Services (the “Agreement”)**

To Whom It May Concern:

Please be advised that I am the owner of Morris & Sons Towing, Inc. (“Morris”). Morris has been conducting business in the City of San Jose since 2008. We are currently one of the largest providers of both public and private property impound services within the South Bay Area. It has long been our desire to become a part of the City of San Jose’s tow rotation.

I write to express concern with regard to the status of the current tow agreement and those serving the City thereunder. It is not my wish to be a “fly in the ointment” with respect to the City’s business, but as you know, towing within this geographical region is competitive, and I believe it imperative that appropriate action is taken by all involved parties to ensure a level playing field for those businesses desiring to serve the City. An issue of great import has recently come to my attention, and I hope to arrange a meeting to discuss these matter with you, as well as whether there is any potential for Morris to provide a solution to several of the City’s current dilemmas with regard to complaints made by those contractors who are currently working under the Agreement.

Per the City Agreement, each licensed tow contractor is required to pay to the City certain set fees for city-generated tows. It has come to my attention that at least one contractor, City Towing, Inc., stopped paying the required city fees in or around December 2016, and currently owes the City over \$125,000 in delinquent payments. City Towing has argued that “skyrocketing expenses to dispose of the growing number of recreational vehicles (RV’s), trailers and boats, which are often filled with garbage and generate no revenue”, along with a decrease in scrap metal prices, decline in lien sales, and increased living wage costs all make payment of the City’s fees as called for under the Agreement unrealistic. It is believed other contracted tow operators, to include Alongi Brothers and Motor Body, supported City Towing’s plea in this respect.

Particularly surprising to me was the fact that the City appears to have now acceded to City Towing’s request for a “raise”, and notified the Budget Office to “prepare for a possible negative impound of approximately \$500,000 annually in the General Fund.” As I understand it, this type of loss represents nearly half of the revenue generated through the City’s tow program, and therefore represents



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a significant fiscal loss to the public fund. Worse, it appears this action was taken without addressing (1) City Towing's clear breach of the City Agreement for unilaterally terminating payment to the City of fees due thereunder, and/or (2) the City investigating whether other available tow companies within the jurisdiction are able to perform the required services under the City's proscribed fee schedule as set.

While City Towing's complaints regarding increased business costs may well be supported by empirical data, I would argue that all of the items City Towing cited as creating the hardship and that led to their breach of the Agreement were costs which an experienced tower anticipates rising and falling within the course of his or her business. They are costs Morris certainly accounts for, and I am confident that if Morris were serving on the City rotation, we would be able to do so efficiently and maintain a profitable business model under the City's set terms without declaring any hardship or committing similar breach. Perhaps the problem isn't the increased costs cited by City Towing, but the management of the businesses with whom the City is contracted. I am troubled by the fact that City has determined the preferred course of action is to take a loss in the General Fund – taxpayer money – rather than investigating whether there are available alternative service providers who can deliver the specified services and pay the mandated fees proscribed, which are for the public benefit.

I am not arrogant enough to pretend I understand all of the inner workings of City government, and I have certainly not been privy to the considerations which may have led to the City acceding to its current contractors' requests, as opposed to exploring other options. With that said, the information I have acquired certainly suggests a clear breach of the Agreement by at least one contractor giving rise to grounds for termination under Section 11 of the Agreement, and I believe in the interest of transparency it is appropriate to ask for a discussion with you to determine why termination did not occur, and why opportunity was not afforded to others to meet the City's needs without protest or revision of the City's terms at the cost of the general public. To that end, I would like to sit down with the appropriate City personnel to discuss this matter further. If you are willing to entertain this request, please feel free to reach out to me at 408-771-1503.

Thank you for your courtesy and cooperation in considering our request. Should you have any questions or concerns regarding the foregoing, or if you require further clarification regarding our concerns, please reach out at your convenience. I look forward to hearing back from you and discussing this matter further.

Warm Regards,

Art Amirkhas  
Owner, Morris & Sons  
[art.mstowing@hotmail.com](mailto:art.mstowing@hotmail.com)

A handwritten signature in black ink, appearing to be "Art Amirkhas". The signature is stylized and somewhat abstract, with a prominent vertical stroke on the right side.