



Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE **FROM:** Councilmember Donald Rocha

SUBJECT: TOWING SERVICES AGREEMENT **DATE:** June 15, 2017

Approved

Date

6/15/17

RECOMMENDATION

Direct staff to report back to Council in late August with the following updates regarding the City's Tow Services Agreement:

1. Update on staff's discussions with tow contractors on how the current towing services agreement is working.
2. Update on the financial model of the contract and areas of concern that may be affecting the tow companies. Examples might include, but are not limited to:
 - a. The cost of the towing, storage, and disposal of vehicles such as RVs, motorhomes, trailers, or homemade vehicles that are abandoned, inoperable, and of no value.
 - b. The Contract Compensation Fee contractors are required to pay the City of San Jose for the towing of an abandoned vehicle, regardless of the cost to dispose of the vehicle.

ANALYSIS

In April, the City renewed its City-Generated Towing Services Agreement with its contracted tow companies. Based upon discussions that I have had with the tow operators, one significant concern is around the costs associated with the towing, storage, and disposal of abandoned vehicles, particularly motorhomes and RVs where costs are not always recovered. For example, contractors are required to tow and store all vehicles in their zone of operation, and must pay for vehicles to be legally disposed of. Other associated costs to the contractors may also include draining fuel, removing garbage, and removing propane tanks. Tow companies have raised concerns about the dramatic increase in towing of abandoned vehicles over the last year, paired with costs associated with storage and disposal of unclaimed vehicles.

At the April Council meeting, the Council was told that the tow operators and City staff were in discussion of whether these concerns could be addressed. With this proposal, I am recommending that staff provide an update in late August on the results of these discussions and any other remaining areas of concern within the financial model of the contract.