



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Vice Mayor
Magdalena Carrasco

Councilmember Sylvia Arenas

SUBJECT: SEE BELOW

DATE: January 11, 2019

APPROVE:

DATE:

1/11/19

SUBJECT: THE AUDIT OF TOWING SERVICES: CHANGES TO CONTRACT TERMS AND CONSOLIDATED OVERSIGHT COULD IMPROVE OPERATIONS

RECOMMENDATION

1. Accept the City Auditor's findings and recommendations in the December 2018 audit report of towing services.
2. Request staff to determine intermediate solutions for vehicle requests that have been refused to be picked up.
3. Add stipulations to the following audit recommendations. Additions are indicated in **BOLD**:

Recommendation 1: To provide a method to address violations, the City should include in future towing services agreements:

- An escalating penalty structure of liquidated damages, suspension, and contract termination. Liquidated damages should be increased over time.
- Provisions requiring tow contractors to respond to another tow zone in case of a tow refusal or suspension (with a different timeliness standard). **Provisions allowing the City to reach out to tow companies outside of contracted companies in case of refusals by contractors in neighboring zones.**

Recommendation 3: The City should issue a new RFP for the towing services agreements, taking into consideration the issues identified and recommendations made in

this report. **If possible the City should issue the RFP much before the proposed date of July 2020 by the Administration, due to the thoroughness of the City Auditor's report and findings that should create a simpler contract and increase the pool of applicants.**

Recommendation 9: The City should modify future towing services agreements to allow towing contractors to have tow yards located outside of their assigned zones, such as anywhere within the City limits. **Allow towing contractors to store vehicles that have entered into their ownership outside of city limits.**

BACKGROUND

By and far, the contract violations in Zones 2 and 3 have affected the constituents that are represented by Vice Mayor Carrasco and Councilwoman Arenas. The violations have put the elected officials, San José police officers, and Parking Compliance officers in a position of no power or leverage when it comes to towing abandoned or junk vehicles. Due to the fact that parking constraints and issues of blight and crime remain constant when problematic vehicles are unable to be removed, contract changes must happen as soon as possible in the interest of public safety.

The aforementioned changes take into account the previous RFP that saw very few applicants in relation to the current operating tow companies in the entire City of San José.