

Attachment C

Tow Service Model Key Elements: Research and Benchmarking Summary Report

Element (a.)	Service Delivery Model Type (Zone or Rotation)
	<p>Of the 11 jurisdictions researched, seven used a rotation model, three utilized a zone model, and one, Oakland, relied on a single company to provide tow services. Of the cities with a zone model, two, Los Angeles and San Diego, had a larger number of tow operators providing service compared to San Jose (i.e. 18 and 9 operators respectively v. 6 in San Jose). Additionally, four jurisdictions utilized separate rotation lists depending on the type of vehicle tow.</p> <p>Santa Clara and Mountain View had a separate rotation list for passenger vehicles and Recreational Vehicles while CHP had separate class rotations for heavy duty tows. San Diego utilized a separate rotation list for vehicles being impounded.</p> <p>The two jurisdictions most comparable to San Jose in population and size (square miles), San Diego and Sacramento, utilized a zone model.</p>
Preliminary Staff Conclusion:	<p>A zone model with modified zone boundaries and a separate rotation list for secondary tows in which the operators of the adjacent zones provide back-up tows would best serve San Jose. Staff would also like to explore a “closest to” type of dispatching model where the tow is dispatched to the operator that is located closest to the location of the tow in the field at the time the tow is requested.</p>
Element (b.)	Tow Yard Requirements
	<p>Staff found that most other jurisdictions had similar requirements for tow yards regarding security and site features such as paving, lights, fencing, and cameras; customer service practices such as providing shelter from inclement weather, a public restroom, and a telephone; property access such as 8-5 M-F and 24/7 access within 30 minutes after hours; and required annual tow yard inspections. Jurisdictions did differ from San Jose, however, in other key requirements such as tow yard location, capacity, and vehicle storage requirements.</p> <p>Of the cities evaluated, five allowed yards to be located anywhere within the city limits; three allowed yards to be located within a certain distance of city limits (ranging from 5-10 miles); Stockton, required that the yard be located in the Stockton area; and another city required the tow yard be located within the assigned zone as is current practice in San Jose. CHP required that the</p>

	<p>tow yard be located within the service area or by approval of area Commander.</p> <p>For requirements such as vehicle capacity and storage requirements some cities took a performance based approach requiring that the yard have “adequate storage space” or ensure adequate spacing as to prevent damage.</p>
Preliminary Staff Conclusion:	<p>Staff does not recommend changes to tow yard security and site feature requirements. Staff has concluded that tow yards should be allowed to be located anywhere in the city or within a reasonable distance of the city limits, yet staff has not yet determined what that distance requirement should be. Staff recommends that the model apply performance based standards where appropriate such as storage space requirements or tow yard capacity.</p>
Element (c.)	Performance Standards and Contract Breaches
	<p><u>Performance Standards</u></p> <p>In general, performance standards among the various jurisdictions centered around several key elements: timeliness, refusals, private property towing, and uniform/safety dress code.</p> <p><i>Timeliness:</i> Most cities required a tow response time ranging from 20-30 minutes. For cities that included a “peak time” standard, the response time increased either 5 or 10 minutes. Three of the 10 cities researched included a “peak time” standard. CHP timelines standards varied by area.</p> <p><i>Refusals:</i> The cities evaluated used either a fee, suspension, or rotation penalty for refusing a tow. In a rotation model refusals resulted in forfeit of their place in the rotation. .</p> <p><i>Private property towing:</i> While San Jose prohibits its’ contracted tow operators from towing on private property, five (5) of the jurisdictions, allowed the contracted operators to perform private property tows.</p> <p><i>Uniform/Safety Dress Code:</i> the majority of jurisdictions researched had a uniform/safety dress code such as requiring a name badge and tow company identification.</p> <p><u>Contract Breaches</u></p> <p>Several cities researched had policy in place to address contract breaches such as violating a performance standard. Methods to address contract breaches included an escalating penalty structure, such as a first a warning followed by suspension, while other cities removed the provider from the rotation list for a period of time.</p>
Preliminary Staff Conclusion:	<p>Staff recommends the timeliness standards be amended to include response times for peak and non-peak hours. Staff is exploring whether to also include a separate response time standard for heavy duty vehicle tows such as RVs. Staff is evaluating whether to continue to assess a fee for each timeliness</p>

	<p>violation or set standard based on performance such as meeting timeliness standards for at least 90% of tows.</p> <p>Staff recommends an escalating penalty structure for contract breaches such as tow refusals.</p> <p>Staff is exploring allowing operators to perform private property tows.</p> <p>Staff does not propose any changes to uniform/safety dress code.</p>
Element (d.)	Administrative, Contract, and Tow Fees
	<p>Nearly all the service models researched included an administrative fee (police release fee) and a basic tow fee (charged by the operator). Only three of the cities benchmarked, Oakland, Los Angeles, and San Diego, had a contract compensation or “franchise” fee (fee charged by the city to the operator) as part of their model.</p> <p><i>Administrative Fee:</i> San Jose’s current administrative fee of \$122 was within the range found among the various cities. The administrative fees ranged from \$50 to \$284. The administrative fee is a cost recovery fee charged to the customer by the city when a vehicle is released. The fee is cost recovery and is evaluated annually as part of Fees and Charges.</p> <p><i>Basic Tow Fee:</i> San Jose’s Basic Tow Fee of \$225 was also within range of the other cities, varying from \$125 to \$265. This fee is charged to the customer by the tow operator and is collected when the vehicle is retrieved. These fees are reviewed annually and set by the California Highway Patrol Golden Gate Region-San Jose Office.</p> <p><i>Contract Compensation Fee:</i> Three cities indicated that they charge a fee to the operator either in the form of a referral fee, percent of gross revenues, a franchise fee, management fee, or combination thereof. For example, the City of Oakland charges the contracted tow operator a \$54 referral fee, \$172,000 annual fee, and 2% of gross revenues. For comparison, San Diego charges a \$74 franchise fee and a \$22 tow management fee. Currently, San Jose’s contract compensation fee is \$59 with a dispatch fee of \$8.</p>
Preliminary Staff Conclusion:	<p>Staff will continue to research and evaluate the costs, fees, and budget needed for a financially balanced and sustainable service deliver. These items will need to be worked through and finalized as part of the RFP process and award, negotiations with the existing six tow operators, and fiscal year 20-21 budget process.</p> <p>Staff does not have a preliminary conclusion to provide at this time.</p>
Element (e.)	Contract Administration, Technology, and Software
	<p>A third-party administrator/software was a key component of several tow service delivery models. Palo Alto utilizes “Personal Telephone Answering</p>

	<p>Service” (PTAS) to manage the tow rotation call list. Concord, San Diego, and San Francisco are contracted with AutoReturn, a municipal tow management company. Concord maintains two separate contracts, one with AutoReturn and one with the tow operators while San Diego and San Francisco contracts with AutoReturn only. The tow operator servicing Oakland contracts its’ own software tow administrator at no charge to the city.</p> <p>Staff also looked at the contracts of other jurisdictions such as Las Vegas, Fort Worth, and Portland which contracted with a third-party software company to administer their city-generated tow services.</p> <p>The Police Department administered the tow contract in most jurisdictions evaluated.</p>
Preliminary Staff Conclusion:	<p>Staff recommends a technology and software based service delivery model that is managed and administered by a third party administrator/software company.</p> <p>Staff recommends City tow contract administration be moved from Code Enforcement to the Police Department.</p>
Element (f.)	Recreational Vehicles, Junk/Low Value Vehicles, Disposal, and Waste Removal
	<p>Several models included a specialized process to address towing of recreational vehicles (RVs) and costs associated with disposing of these vehicles. Santa Clara maintains a separate rotation list for RVs and reimburses the tow providers \$1,500 for every RV, motor home, cab-over camper that is towed. Palo Alto allows tow providers the ability to decline tow requests for large or overweight vehicles. As mentioned previously, Santa Clara and Mountain View have a separate rotation list for passenger vehicles and Recreational Vehicles and CHP has separate class rotations for heavy duty tows.</p> <p>Additionally, Los Angeles reimburses actual costs for low value vehicles up to \$540 while Sacramento reimburses actual costs in full. No jurisdictions indicated a special process for waste removal.</p>
Preliminary Staff Conclusion:	<p>How to address RV, junk/low value vehicles, disposal, and waste removal is still under review. Staff does not have a preliminary conclusion to provide at this time.</p>