

City-Generated Tow Services Delivery Model Report

Transportation and Environment Committee
November 4, 2019

Presenters: Rachel Roberts, Deputy Director, Code Enforcement, PBCE

Jennifer Cheng, Deputy Director, Finance

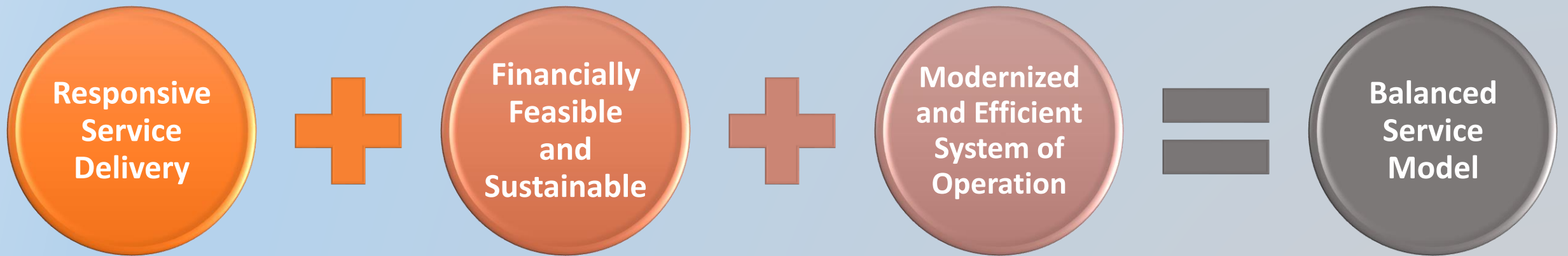
Captain Dave Santos, Police Department

City-Generated Tow Services Audit and Council Direction

January 2019

- City Council accepted:
 - City Auditor's "Audit of Towing Services: Changes to Contract Terms and Consolidated Oversight Could Improve Operations"
 - Administration Response
- City Council directed staff to:
 - Return to T & E in Fall 2019 with a proposed Tow Service Delivery Model and provide status report on the Vehicle Abatement Audit
 - Consider various factors when developing new model

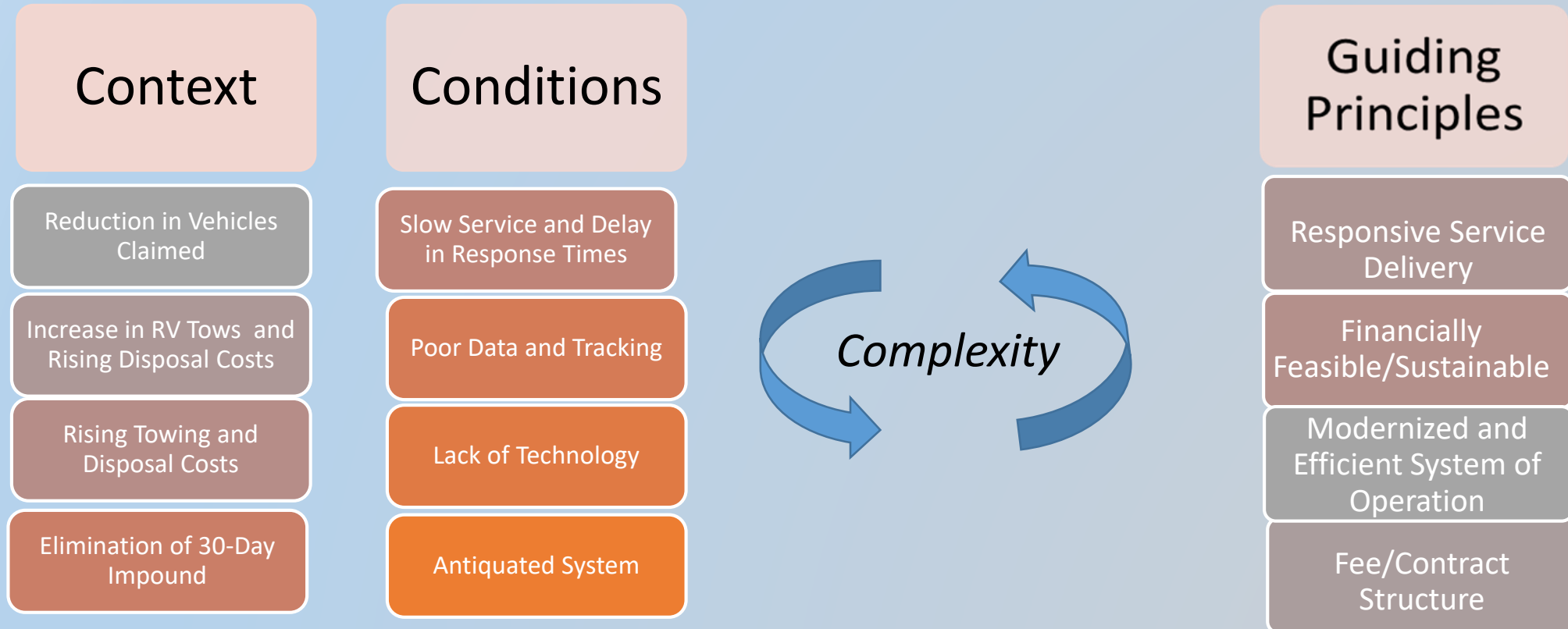
Guiding Principles



Work Plan Progress to Date

- Developed Work Plan and Established Multi-Department Tow Audit Working Group
- Conducted Research through Benchmarking:
 - 11 CA Jurisdictions (including San Diego, San Francisco, Los Angeles, and CHP)
 - Follow up on Council Direction and Questions
- Released Two Contingency RFPs for back up towing services
- Conducted Industry RFI to Elicit Insights from Both Tow Operators and Third-Party Administrator/Software Companies
- Conducted RFP and RFI Follow Up (still on-going)
- Addressed some Audit Recommendations through the Second Amendment to the Tow Agreements and Update to Council Priority 9-8

New Service Model Development: Challenges



Balancing Context and Conditions with Achieving Guiding Principles

New
Service
Model

New Service Model Development: Insights

- Contingent Back up Towing is Costly and May Not be Viable for Tow Operators Under Current System
- Technology and Software is Central to Reliable Data, Performance Tracking, Reporting, and Automation of Processes
- A Balanced and Sustainable Financial Model is Vital
- Finding Viable Solutions is Difficult and Complex and Requires a Multi-Step Process

Proposed Tow Services Delivery Model Framework

Technology and Software Based Platform

- Automation of tow process tow - release of vehicle
- Process streamlining
- Data tracking and performance monitoring
- Web-based user interface

Third-Party Administrator

- Provides management and oversight
- Coordinates efforts of tow providers
- Provides 24/7 Customer support
- Customer Website
- Regular reporting, billing and invoicing

Financially Balanced and Sustainable*

- Cost Recovery Administrative fee
- Viable reimbursement program
- Proper contract compensation fee

Modified Contract Terms and Performance Standards

- Provides first right of refusal for existing six tow operators with good standing
- Modifies zones for more equitable and efficient service delivery
- Performance based standards
- Escalating contract breach penalty structure
- Revised back up tow process

**The fiscal sustainability of the proposed framework is still under development and will need further evaluation*

Proposed Pilot Program

Modified Tow Operator Agreements

Contracted Third-Party Administrator

Full Service Technology Platform

Pilot Program Implementation



In Summary: *Key Take-Aways*

- Framework is Designed to Achieve Balance Between Service Model and Industry Challenges and Guiding Principles
- Contracting with Third-Party Administrator/Software Company allows the City to:
 - Retain and Improve City Oversight
 - Set Contract Performance Standards for Tech/Software Provider and Tow Operators
 - Streamline Processes and Gain Efficiency through Automated Service Delivery Model
- A Full Evaluation and Analysis of Fees, Costs, and Budget is Necessary to Develop a Financially Feasible and Sustainable Model for all
- Continuing Outreach with Operators and Software Companies will Continue to Provide Valuable Insights and Inform Model
- Amending Tow Service Agreements Will Bring More Accountability, Equity, Performance, and Service Delivery Model Improvements
- Implementing a Pilot will Allow the City to Test the Model, Gather and Evaluate Data, Track Performance, and Make Meaningful Improvements

Recommendation

1. Accept Status Report on the development of a new City-Generated Tow Services Delivery Model; and
2. Direct Staff to continue to refine the service model and pilot program approach
3. Return to T & E in February 2020 with the final plan for implementation