



CITY COUNCIL ACTION REQUEST

DEPARTMENT(S) Police	CEQA Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.	COORDINATION City Attorney's Office and City Manager's Budget Office	Director Approval  Paul Joseph
COUNCIL DISTRICT(S) Citywide			CMO Approval  9/25/25

SUBJECT: Second Amendment to the Agreement with CFKAA Holdings, LLC for Tow Administrator Services

REASON FOR ADDENDUM

Due to the volume of tow requests, including the removal and disposal of 79 unsafe recreational vehicles from Columbus Park and increased costs for the towing and disposal of recreational vehicles, urgent action is needed to increase the compensation costs for individual tows for recreational vehicles and to increase the total contract authority to ensure that urgent tows are not interrupted. As a result, the Police Department recommends that this item be considered by the City Council at its September 30, 2025 meeting to allow for reimbursement to the disposal contractor and to continue the urgent task of towing and disposing of unsafe vehicles throughout San José.

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute the Second Amendment to the Agreement with CFKAA Holdings, LLC., for tow administrator services to:

- (a) Increase the total compensation by \$832,800 for a new maximum compensation not to exceed \$3,984,876, subject to the appropriation of funds; and
- (b) Amend the terms of the Agreement to include certain provisions related to the towing of recreational vehicles.

BASIS FOR RECOMMENDATION

On February 27, 2025, the City and CFKAA Holdings, LLC. (Contractor) entered into a First Amendment to the Agreement to reimburse up to \$2,000 per oversized vehicle disposed of in accordance with the process prescribed under the California Vehicle Code for vehicles valued at \$500 or less, up to a maximum of \$200,000.

In 2025-2026, the pace of tows has increased significantly from original contract assumptions, primarily driven by the Columbus Park abatement project, activities overseen by the Beautify San José team in the Parks, Recreation, and Neighborhood Services Department, and the expansion of the Transportation Department's Oversized Lived-In Vehicle Enforcement program. Further, due to the logistical challenges of towing recreational vehicles and the cost of disposal, the City and Contractor have agreed that the original unit price of \$2,000 per tow and disposal of a recreational vehicle was insufficient and needed to be increased to \$3,200. As an example of the combined impact of higher tow volume and higher unit price, approximately 79 recreational vehicles were towed from Columbus Park

during the abatement project during August and September 2025, which amounts to \$252,800 and exceeds the total fiscal year allocation of \$200,000.

Due to this overage, the need to conduct additional towing for the remainder of the fiscal year, and to reflect learned experience from the field, the City and Contractor have agreed to a revised set of terms to address the challenges and volume of towing and disposal of oversized vehicles, including the following notable changes which would be authorized by the City Council's approval of the staff recommendation to:

1. Allow for more clarity when authorizing a tow, add a definition for "Recreational Vehicle" to mean a vehicle, including motor home, mobile home, cab-over campers, travel trailer, truck camper, camping trailer, homemade trailer, or other similar type of oversized vehicle, with or without motive power, designed or used for human habitation;
2. Align the amount paid to the Contractor with the increased costs of towing and disposal, increase the amount paid for a recreational vehicle tow from \$2,000 to \$3,200;
3. Improve operational efficiency, require Contractor to accept and execute any and all City-generated tow requests for recreational vehicles within contract limits, with monetary offsets if tow requests are not accepted and executed; and
4. Increase the total compensation amount by \$832,800, due to the increased volume of tows anticipated in 2025-2026, subject to the appropriation of funds.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

COST AND FUNDING SOURCE

Increasing the contractual capacity will be allocated as follows within the General Fund:

- \$572,800 to the Police Department's Non-Personal Equipment appropriation: \$252,800 for the cost of tows during the Columbus Park Abatement Project, and another \$320,000 for approximately 10 tows per month from September 2025 through June 2026;
- \$150,000 to the Parks, Recreation, and Neighborhood Services Department's Non-Personal/Equipment appropriation for approximately 50 tows from September 2025 through June 2026; and
- \$110,000 to the Oversized Vehicle Regulation Pilot Program City-Wide Expenses appropriation overseen by the Transportation Department for approximately 30-35 tows from September 2025 through June 2026.

An action to increase the Police Department's Non-Personal/Equipment budget by \$600,000 will be included in the 2024-2025 Annual Report, which will be considered for approval by the City Council at its meeting on October 21, 2025. The cost of tows for the Parks, Recreation and Neighborhood Services Department and the Transportation Department will be paid from existing budgeted allocations.

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