



APPROVED
BY THE CITY COUNCIL

AUG 11 1998

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CITY CLERK

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DEPARTMENT OF
POLICE

ARTURO VENEGAS, JR.
CHIEF OF POLICE

CITY OF SACRAMENTO
CALIFORNIA

August 5, 1998

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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: APPROVAL TO RE-BID THE FY'98-99 TOW SERVICES AGREEMENT

LOCATION AND COUNCIL DISTRICT: City-wide.

RECOMMENDATION:

It is recommended that the City Council direct the Chief of Police to re-bid the FY'98-99 Tow Services Request for Proposal (RFP) and terminate the current tow services agreements at an appropriate time after the re-bidding process is complete.

CONTACT PERSON: Lieutenant Brian Louie, Traffic and Air Operations Section, 277-6069

FOR THE COUNCIL MEETING OF: August 11, 1998

SUMMARY:

To ensure that all tow companies clearly understand the provisions of the RFP and contractual arrangement with the Sacramento Police Department, staff recommends that the City Council direct the Chief of Police to re-bid the FY'98-99 Tow Services RFP and terminate the existing tow services agreements at an appropriate time after the re-bidding process is complete.

COMMITTEE/COMMISSION ACTION:

On June 23, 1998, Council approved twenty-eight tow services agreements. On June 30, 1998, several tow companies addressed Council on the inequities in the process for awarding the contracts.

The mission of the Sacramento Police Department is to work in partnership with the Community to protect life and property; solve neighborhood problems, and enhance the quality of life in our City.

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TOW SERVICES AGREEMENT

BACKGROUND:

In May of this year, an RFP was published and tow operators within the city limits were given an opportunity to submit a proposal to be placed on the Police Department's tow rotation list.

Of the thirty-four proposals submitted, twenty-eight were accepted, two were rejected for cause, and four were rejected because their proposed tow and storage rates were determined to be too high or unreasonable.

Reasonableness of the submitted rates was determined by comparing the proposers' rates with other rates charged in the City of Sacramento for identical towing services.

The formula for determining the reasonableness of rates consisted of averaging the tow rates, the inside storage rates, and the outside storage rates of the thirty-four companies. Fifteen percent was added to each of the three average rates. Rates submitted that exceeded the one-hundred and fifteen percent values, in any of the three tests, were considered to be excessive and the proposal was rejected.

The four tow companies rejected due to high rates came forth with the following complaints:

- (1) Time to submit the proposal was too short.
- (2) The formula for determining the reasonableness of the submitted rates was not described in the RFP.
- (3) Tow companies were not allowed to re-submit rates if the initial submitted rate was determined to be too high, as they had been in the last two years.

Time to submit proposals, eight days, was identical to last year's time to submit bids.

The last tow year's bids for the tow rotation list allowed the re-submittal of rates when initial rates were found to be excessive or unreasonable. However, there was never a need for a bidder to re-submit rates.

This year, a RFP was used to solicit proposals from the tow companies. The very nature of a RFP is to submit a single, competitive bid.

The components of the RFP used were refined over the past one and one-half years with the intent to control the performance of the tow operators when dealing with the citizens of the City. As a result, citizen complaints have been reduced by 70% during this last contractual year.

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The Sacramento Police Department considers the tow rotation list selection process to be fair and objective.

After reviewing the complaints by the four rejected tow companies, the City Manager's Office recommended that all tow companies be allowed to re-bid for the tow rotation list under a new RFP with the following revisions:

- (1) Time to submit proposals would be fourteen days instead of eight days to allow review by tow company legal advisors.
- (2) The formula for determining the reasonableness of the submitted rates will be clearly described in the RFP.
- (3) Emphasis will be placed on a single, competitive bid. The Sacramento Police Department will advise all potential bidders at the mandatory pre-proposal conference that the RFP permits only a one-time submittal of rates.

In addition, the Sacramento Police Department will be working with tow industry representatives on other policy considerations such as using a fixed rate for services for all companies towing in the City of Sacramento.

FINANCIAL CONSIDERATIONS:

No additional funding is requested.

POLICY CONSIDERATIONS:

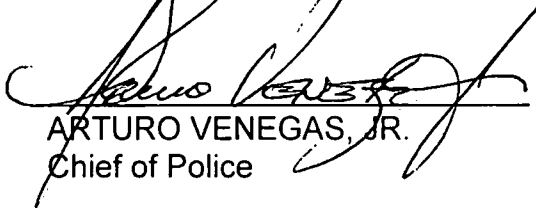
This is consistent with City Council policy to provide the best services to citizens, maintain tow operator accountability, and improve efficiency in program operation.

OTHER CONSIDERATIONS:

There is no requirement for purchase of good or services associated with this item.

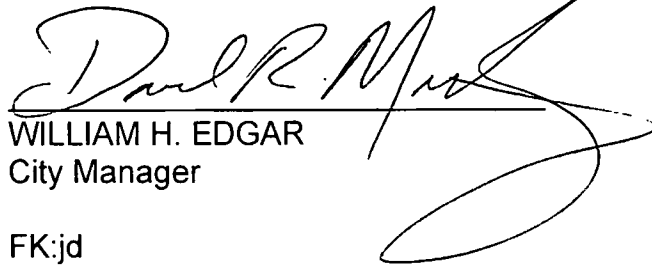
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Respectfully submitted,



ARTURO VENEGAS, JR.
Chief of Police

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

FK:jd
Ref.: 8-6