City and County of San Francisco Municipal Transportation Agency One South Van Ness Ave., 7th Floor San Francisco, California 94103

Seventh Amendment Contract No. 2014-18

THIS AMENDMENT (Amendment) is made as of November 4, 2022, in San Francisco, California, by and between TEGSCO, LLC (Contractor), and the City and County of San Francisco, a municipal corporation (City), acting by and through its Municipal Transportation Agency (SFMTA).

Recitals

A. City and Contractor have entered into the Agreement (as defined below).

B. The SFMTA Board of Directors approved the Agreement, including an option to extend the contract term for up to five years by Resolution No. 16-024 on February 16, 2016; the Board of Supervisors approved the Agreement by Resolution No. 0099-16 on March 15, 2016.

C. Under the Agreement's Third Amendment, dated April 1, 2021, the parties extended the contract term five years, ending March 31, 2026, and increased the contract amount by $22.8 million to $88.2 million, to fund the Contract pay for the first two years of the extended term.

D. City and Contractor desire to modify the Agreement again, on the terms and conditions set forth herein, to increase the contract amount by $33.2 million, to $121.4 million, to fund the Agreement through March 2025; any additional increase in the contract amount to fund the remainder of the extended term would require a separate amendment;

E. The Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through Request for Proposal No 2014-48, issued July 26, 2015**,** and this Amendment is consistent with the process.

F. The two licenses that authorize Contractor's use, in connection with the Agreement, of the vehicle storage facilities at 2650 Bayshore Boulevard, Daly City, and 450 7th Street, San Francisco (respectively, Appendices D and F of the Agreement) provide that these licenses shall be automatically extended for the same period of the Agreement's extended term.

NOW, THEREFORE, Contractor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 Agreement. The term "Agreement" shall mean the Agreement dated April 1, 2016, between Contractor and City, as amended by the:

First Amendment, dated October 1, 2016,
Second Amendment, dated July 1, 2019,
Third Amendment, dated April 1, 2021,
Fourth Amendment, dated April 11, 2022,
Fifth Amendment, dated April 12, 2022, and
Sixth Amendment, dated June 17, 2022

1.2 Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications to the Agreement

The Agreement is modified as follows:

2.1 Section 3.3.1 (Payment). Section 3.3.1 of the Agreement is replaced in its entirety to read as follows:

3.3.1 Payment. Contractor shall provide an invoice to the SFMTA on a monthly basis for Services completed in the immediately preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for Services identified in the invoice that the SFMTA's designee, in his or her sole discretion, concludes have been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed $121,400,000 (ONE HUNDRED TWENTY-ONE MILLION, FOUR HUNDRED THOUSAND DOLLARS). The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments.

Article 3 Effective Date

Each of the modifications set forth in Section 2 shall be effective on and after the date of this agreement

Article 4 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY	**CONTRACTOR**
San Francisco **Municipal Transportation Agency** Jeffrey P. Tumlin Director of Transportation Authorized By: Municipal Transportation Agency Board of Directors Resolution No: 220906-082 Adopted: September 6, 2022 Attest: _____ Secretary to the Board Board of Supervisors Resolution No: _____ Adopted: _____ Attest: _____ Clerk of the Board Approved as to Form: David Chiu City Attorney By: Isidro Jimenez Isidro Jimenez Deputy City Attorney	**TEGSCO, LLC** Frank Mecklenburg Frank Mecklenburg CEO City Supplier Number: **48588**

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Appendices:
Appendix B – Calculation of Charges

AMENDED IN COMMITTEE
10/19/2022

FILE NO. 220974 RESOLUTION NO. 447-22

[Contract Amendment - TEGSCO, LLC - Vehicle Towing, Storage, and Disposal Services for Abandoned and Illegally-Parked Vehicles - Not to Exceed $121,400,000]

Resolution approving the seventh amendment to the contract between the Municipal Transportation Agency and TEGSCO, LLC, for services related to the towing, storage, and disposal of abandoned and illegally parked vehicles, to increase the contract amount by approximately $33,200,000 for a total contract amount not to exceed $121,400,000 for the balance of the second year and through March 2025, effective upon approval of this Resolution.

WHEREAS, According to Charter Section 9.118(b), contracts entered into by a department requiring anticipated expenditures by the City and County of $10,000,000 or more, and amendments to those contracts of more than $500,000 must be approved by the Board of Supervisors by resolution; and

WHEREAS, On March 15, 2016, the Board of Supervisors pursuant to Charter, Section 9.118(b), and under Resolution No. 99-16 approved Contract No. 2014-48 (Contract) between the San Francisco Municipal Transportation Agency (SFMTA) and TEGSCO, LLC (Contractor) for services related to the towing, storage, and disposal of abandoned and illegally parked vehicles in the City; the Contract was for an initial amount of $65,400,000 and an initial term of five years with the option to extend the term for an additional five years, which the Director of Transportation could exercise at his discretion; and

WHEREAS, On April 7, 2021 the Board of Supervisors pursuant to Charter, Section 9.118(b), and under Resolution No. 153-21 approved the third amendment to the Contract, which extended the contract term for the additional five years, ending March 31, 2026, and increased the contract amount by $22,800,000 to $88,200,000 to pay for the first

two years of the extended term; approval of the Board of Supervisors was required only with respect to the increase in the contract amount and not the extended term; and

WHEREAS, At the time of the Contract's third amendment, staff sought funding only for the first two years of the extended term to ensure continued operation of the City's towing program during the COVID19 emergency and provide staff time to assess program policies and funding requirements as the City emerges from pandemic conditions; staff informed the Board of Supervisors staff would seek additional funding for the last three years of the extended term under a subsequent amendment; and

WHEREAS, As the City emerges from pandemic conditions, towing volumes and their corresponding costs have increased significantly faster than staff projected, leaving a shortfall of $7 million to fund the balance of the second year of the extended term; and

WHEREAS, The additional funds would fund the balance of the second year and part of the five-year extended term to March 2025, and increase total contract amount to $121,400,000for the full ten-year term; and

WHEREAS, Charter, Section 9.118(b), states that any amendment to an agreement that increases the contract amount by more than $500,000 requires approval of the Board; and

WHEREAS, The SFMTA's towing program provides essential services to the City; the towing program supports transit reliability and traffic safety by removing abandoned vehicles that pose potential safety hazards, and collecting vehicles that are involved in accidents or used in the commission of crimes; the towing program supports City parking regulations that are essential for keeping the streets safe and clean, and that help to maintain parking availability for merchants and residents; and

WHEREAS, Contractor continues to meet or exceed program requirements under the Contract; during the contract term, Contractor successfully negotiated three collective

bargaining agreements with Teamsters Local 665 since 2005 and continues to support this collaborative process; and Contractor consistently exceeds the 20% Local Business Enterprise subcontracting requirement, with current participation at 44%; and

WHEREAS, The SFMTA has committed to conduct a competitive procurement process for a successor contract before the end of the Contract's ten-year term in 2026, and has further committed that staff's reexamination of the SFMTA's towing policy will inform the request for proposals for such procurement; and

WHEREAS, The proposed amendment is on file with the Clerk of the Board of Supervisors in File No. 220974; now, therefore, be it

RESOLVED, That the Board of Supervisors authorizes the Director of Transportation of the SFMTA, on behalf of the City, to execute the seventh amendment to the contract between the SFMTA and TEGSCO, LLC, for services related to the towing, storage, and disposal of abandoned and illegally-parked vehicles, to increase the contract by approximately $33.2 million for a total amount not to exceed $121,400,000; and, be it

FURTHER RESOLVED, That the amendment shall be subject to certification as to funds by the City's Controller, pursuant to Charter, Section 3.105; and, be it

FURTHER RESOLVED, That within 30 days of full execution of the amendment by all parties, the final documents shall be provided to the Clerk of the Board for inclusion in the official file; and, be it

FURTHER RESOLVED, That the SFMTA will report quarterly, in writing, to the Board of Supervisors' Budget and Finance Committee on staff's progress on their reexamination of towing policy.

City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 220974 **Date Passed:** October 25, 2022

Resolution approving the seventh amendment to the contract between the Municipal Transportation Agency and TEGSCO, LLC, for services related to the towing, storage, and disposal of abandoned and illegally parked vehicles, to increase the contract amount by approximately $33,200,000 for a total contract amount not to exceed $121,400,000 for the balance of the second year and through March 2025, effective upon approval of this Resolution.

October 19, 2022 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

October 19, 2022 Budget and Finance Committee - RECOMMENDED AS AMENDED

October 25, 2022 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 220974

I hereby certify that the foregoing Resolution was ADOPTED on 10/25/2022 by the Board of Supervisors of the City and County of San Francisco.

Alisa Somera

f- Angela Calvillo
Clerk of the Board

London Breed

London N. Breed
Mayor

11/4/22

Date Approved