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OAKLAND

2015 JUN -5 AM 9:34

AGENDA REPORT

TO: JOHN A. FLORES
INTERIM CITY ADMINISTRATOR

FROM: Sean Whent

SUBJECT: B&B Vehicle Processing
Contract Extension

DATE: May 26, 2015

City Administrator
Approval

Date

6/4/2015

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council:

Resolution Authorizing The City Administrator To Extend For Up To One (1) Year Under The Same Terms And Conditions The Agreement With B&B Vehicle Processing, Inc., Authorized By Resolution No. 81365 C.M.S., For Towing And Storage Of Vehicles, Collection And Administration Of Towing Fees, Lien Sales According To Law, And Various Other Administrative Services Connected With Police-Related Towing Operations, Which Agreement Provides That B&B Will Pay The City An Estimated Amount Of Eight Hundred Thousand Dollars (\$800,000.00) In Fees And Projected Revenue To Be Generated By The Towing Operation; And, Waiving Advertising And Request For Proposal ("RFP") Process For Said Extension

OUTCOME

Approval of this Resolution will allow the City Administrator to extend the Agreement with B&B to provide uninterrupted towing and storage of vehicles, collection, and administration of towing fees, lien sales by public auction of abandoned vehicles, and various administrative services connected with the towing operation.

BACKGROUND/LEGISLATIVE HISTORY

On June 17, 2008, the City Council authorized the City Administrator to negotiate and execute a contract with B&B to provide comprehensive towing operation services for police mandated vehicle tows. The contract was for a five-year term commencing June 30, 2008, with two one year options to renew. The initial five-year term expired June 30, 2013, and the City exercised a

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one-year renewal option beginning July 1, 2013 through June 30, 2014. The City exercised the final one-year renewal option beginning July 1, 2014 through June 30, 2015.

In November 2014 the City organized a steering committee comprised of staff from OPD, Revenue, Contracts and Compliance, the City Administrator's Office, and an outside consulting firm to research best practices related to towing services, with the goal of developing a comprehensive Request for Proposal (RFP) that would maintain City standards related to adequate storage space for towed vehicles, while at the same time addressing concerns and shortcomings with the current contract. This research was conducted on a local and national level, including towing and storage operations in the following cities:

- Alameda, CA
- Berkeley, CA
- Long Beach, CA
- Los Angeles, CA
- San Diego, CA
- Boston, MA
- San Antonio, TX
- Chicago, IL
- Denver, CO
- Kansas City, MO
- Indianapolis, IN

In addition, the City conducted an audit of the current Contractor. The audit examined B&B's financial transactions and statements to verify the accuracy of the business's reporting practices and, in part, to allow the City to identify and address inadequacies in the contract provisions that could be addressed in the new RFP, which is scheduled to be released this month.

The research and audit are complete, and the RFP has been submitted to Contracts and Compliance for review and release. However, a new contract will not be implemented by the conclusion of the current extension agreement. The City must maintain towing service operations until the solicitation is completed and a new contract is negotiated.

ANALYSIS

The City of Oakland is required by state law to provide for vehicle towing and storage in connection with crime and traffic enforcement related vehicle impounds and vehicle abandonment. Vehicles must be towed by properly trained, equipped, licensed and insured tow operators to safe and secure storage facilities. Police initiated tows have averaged 8,883 annually over the previous five years. Approval of this resolution will authorize the City Administrator to extend the agreement with B&B for up to a one year period to continue providing towing and storage services in the City and allow for sufficient time to prepare and implement a new contract. While the current RFP is scheduled to be released June 6, 2015, the

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City administration is requesting waiver of the RFP process outlined in Oakland Municipal Code (OMC) sections 2.04.040 and 2.04.050 for this extension agreement. Therefore, it is in the best interests of the City to waive the competitive bidding and RFP processes and extend the agreement with B&B for up to one year to provide time for city administration to complete the solicitation process and negotiate a new contract.

PUBLIC OUTREACH/INTEREST

No public outreach is required for this item.

COORDINATION

The Contracts and Compliance Division, the Revenue Office, City Administrator's Office, and City Attorney office were consulted in the preparation of this report.

FISCAL IMPACT

The City is mandated by law to provide certain services related to towing vehicles (removal of abandoned vehicles and vehicles used in a crime, recovery of stolen vehicles, etc.). Because of this requirement, it is impossible to recover one hundred percent of the City costs associated with these services. On average, the City collected approximately \$800,000 per year over the past five years. A breakdown of the fees collected is as follows:

Towing Fees Collected by City	
Type of Fee	Average Collected Per Year (based on past 5 years)
Vehicle Release Fee – Fee vehicle owner must pay directly to OPD to obtain a release to retrieve vehicle from tow company	\$260,000
Reimbursement of Services – Fee Contractor must pay to reimburse City for some staffing cost associated with contract	\$160,000
Gross Percentage Fee – Fee Contractor must pay to City to cover some staffing cost	\$27,000
Referral Fee – Fee Contractor must pay for each vehicle towed (except City owned vehicles)	\$355,000
	\$802,000

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Although the City has collected approximately \$800,000 per year, which goes into the City's General Fund, based on the percentage of time City employees devote to towing related services the overall cost associated is estimated at about \$1.9 million, using the below OPD staffing cost for the upcoming fiscal year:

Towing Expenditure Costing				
Classification/Position	Salary (fully loaded)	Quantity	Percentage	100% Cost-Recovery
Police Records Specialist	\$76,402.50	24	40%	\$733,464.00
Police Services Manager I	\$187,173.39	1	15%	\$28,076.01
Lieutenant of Police	\$233,534.99	1	20%	\$46,707.00
Sergeant of Police	\$201,906.39	1	33%	\$66,629.11
Officer - Abandoned Auto, Vehicle Abatement & Scofflaw	\$151,397.45	2	75%	\$227,096.18
Police Services Technician II - Abandoned Auto and Vehicle Abatement	\$83,819.64	8	95%	\$637,029.26
Police Services Technician II - Scofflaw	\$83,819.64	5	25%	\$104,774.55
O&M				\$35,791.00
				\$1,872,537.10

SUSTAINABLE OPPORTUNITIES

Economic: No economic opportunities are associated with this contract extension.

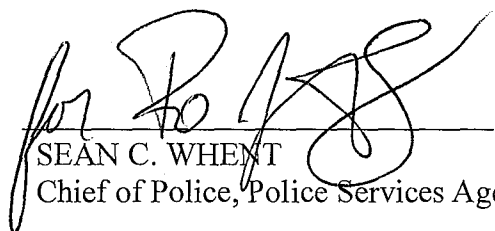
Environmental: Maintaining a local towing service in Oakland will help the City to limit its carbon emissions associated with required vehicle towing.

Social Equity: This contract for services will assist with maintaining an important service that benefits all Oakland residents who are impacted by the need to remove vehicles from City streets.

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For questions regarding this report please contact Kiona Suttle, Police Services Manager,
Records Division at (510) 238-6886.

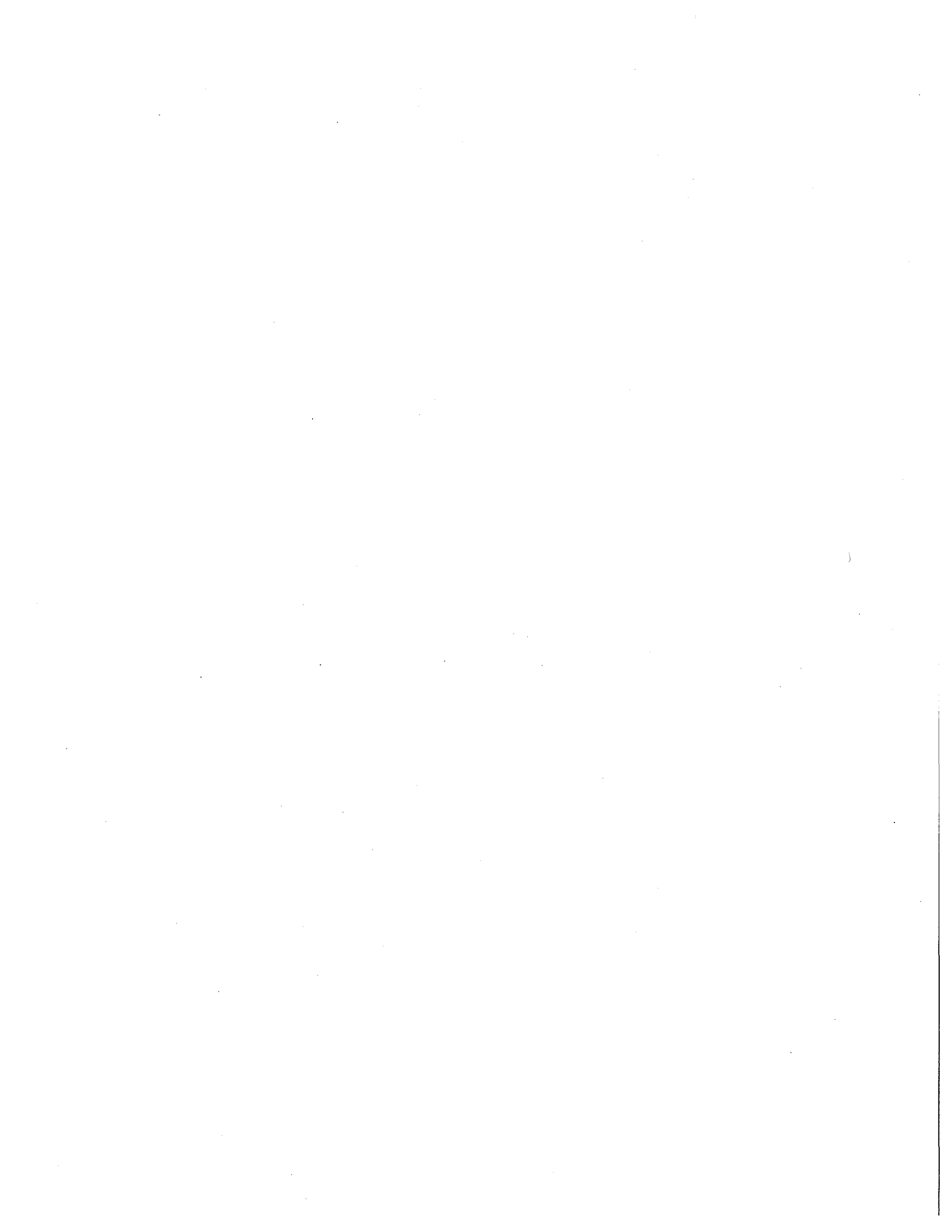
Respectfully submitted,



SEAN C. WHEENT
Chief of Police, Police Services Agency

Prepared by:
Kiona Suttle, Police Services Manager
Records Division

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

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Approved as to Form and Legality

[Signature]
City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO EXTEND FOR UP TO ONE (1) YEAR UNDER THE SAME TERMS AND CONDITIONS THE AGREEMENT WITH B&B VEHICLE PROCESSING, INC., AUTHORIZED BY RESOLUTION NO. 81365 C.M.S., FOR TOWING AND STORAGE OF VEHICLES, COLLECTION AND ADMINISTRATION OF TOWING FEES, LIEN SALES ACCORDING TO LAW, AND VARIOUS OTHER ADMINISTRATIVE SERVICES CONNECTED WITH POLICE-RELATED TOWING OPERATIONS, WHICH AGREEMENT PROVIDES THAT B&B WILL PAY THE CITY AN ESTIMATED AMOUNT OF EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00) IN FEES AND PROJECTED REVENUE TO BE GENERATED BY THE TOWING OPERATION; AND, WAIVING ADVERTISING AND REQUEST FOR PROPOSAL ("RFP") PROCESS FOR SAID EXTENSION

WHEREAS, the Oakland City Council adopted Resolution 81365 C.M.S on June 17, 2008, authorizing the City Administrator to negotiate and execute a Contract with B&B Vehicle Processing Inc. (B&B), to provide vehicle towing and storage services and fee collection and administration and other services needed for police-related towing operations; and

WHEREAS, the original contract was for a five-year term commencing June 30, 2008, and provided for two one-year options to renew; and

WHEREAS, the initial five-year term expired June 30, 2013, and the City exercised a one-year renewal option for the period of July 1, 2013 through June 30, 2014, and exercised the final one-year renewal option for the period of July 1, 2014 through June 30, 2015; and

WHEREAS, in November 2014, the City organized a steering committee to research best practices related to towing services to assist with developing a comprehensive request for proposal (RFP), and contracted an firm to research local and national best practices related to towing services to assist with developing the RFP; and

WHEREAS, although the research is complete and the RFP has been submitted to Contracts and Compliance for release, the solicitation, selection and negotiation processes for a new contract will require 9 months to 1 year; and

WHEREAS, it is projected that the proposed extension will generate approximately \$800,000 in revenue for the General Purpose Fund as in prior years; and

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WHEREAS, in order to continue providing towing and storage services in the City and allow for sufficient time to prepare and implement a new contract it is in the best interest of the City to maintain the services of B&B by extending the existing Agreement for a period of up to one year under the same terms and conditions; now therefore, be it

RESOLVED: That pursuant to Oakland Municipal Code, Sections 2.04.050.I and 2.04.051.B, and for the reasons stated above and in the City Administrator's report accompanying this Resolution, the City Council finds that is it in the best interests of the City to waive advertising, bidding and RFP requirements for the extension of this contract and so waives the requirements; and be it

FURTHER RESOLVED: That the performance of the police related towing operation services by contract is in the public interest because of economy or better performance, and the City Administrator has determined that this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and be it

FURTHER RESOLVED: That the City Council of the City of Oakland hereby authorizes the City Administrator to execute an extension of the Agreement with B&B for up to one year for towing operation management services for the police department, on the same payment and other terms and conditions of the existing Agreement; and be it

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES – BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and
PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

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