

# Agenda Report

**TO:** CITY COUNCIL **DATE:** MAY 15, 2000  
**FROM:** CITY MANAGER  
**SUBJECT:** POLICE TOWING FRANCHISE SYSTEM – SELECTION PROCESS

## RECOMMENDATION

The following report is for information only.

## BACKGROUND

On March 27, 2000, staff requested that the City Council direct the City Attorney to prepare amendments to the Police Towing Franchise System, PMC 10.46, changing the length of towing franchises from one year to five years. City Council approved the request, but directed staff to return with information regarding the initial franchise award process. This report is intended to fulfill that request.

In September 1997, the City Council approved the establishment of a non-exclusive franchise for Police towing services. A request for applications for the new Police Towing Franchise System was issued in October 1997. In response, five firms submitted applications: S. N. Ward, Master Tow Service, Johnnies Tow Service, McVey Towing and American Tow & Transport.

The City's request for applications included a number of requirements in order to be eligible for receipt of a towing franchise. These requirements included proper licensing, certain levels of insurance coverage and storage lots of no less than 30,000 square feet complete with office facilities.

Subsequent to the receipt of applications, the Police Department conducted inspections of each proposers' equipment and facilities. Based on the inspections, it was determined that three of the proposers met the City's requirements, while two did not. Specifically, McVey Towing and American Tow & Transport did not have storage lots of sufficient size. In addition, McVey Towing did not meet the insurance requirements or the requirement for off-street parking. Both McVey Towing and American Tow & Transport were informed by City staff at the time of inspection as to those areas where they failed to meet the minimum requirements.

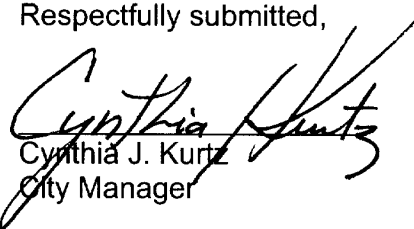
In February 1998, the City Council awarded non-exclusive franchises with a term of one-year, to S. N. Ward, Master Tow Service and Johnnies Tow Service. Shortly thereafter the franchisees requested a reduction in the franchise fee due to a failure to generate the anticipated revenue. A series of meetings were held between City staff and the franchisees to determine the validity of their claim, which included the performance of an audit of a representative franchisee.

In November 1999, staff presented to City Council a compromise agreement with the franchisees. The agreement, which was approved by the Council, called for the franchises to be extended through October 2004 and established a structured fee schedule for that period. Subsequent to this approval it was determined that in order to extend the franchises, the franchise ordinance must be revised, which Council is being asked to do by separate action. Moreover, such amendment would not result in the automatic extension of the prior agreements, but rather prompt a new selection process wherein any interested party may submit an application for a Police Towing franchise. The criteria for award of a new five year franchise will remain the same as the original franchise e.g., storage facilities of not less than 30,000 square feet per operator, possession of proper insurance and licenses.


#### FISCAL IMPACT

This report is for information only and there is no fiscal impact associated with it.

Respectfully submitted,

  
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