

**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 06/09/2016
Agenda Item: 5B10**

ACTION: Approve one-year contract renewals with ACT Towing, LLC dba All City Towing, Apache Sands Service Center, Inc., and Towing Professionals of Arizona, Inc. for vehicle towing services.

FISCAL IMPACT: Total combined cost for City fleet tows shall not exceed \$30,000 during the one-year renewal period. Costs associated with Police initiated tows are the responsibility of the vehicle owner with a combined annual estimated market value of \$1,025,000. For costs incurred by the City, sufficient funds have been budgeted in the General Fund – cost center 3262 (Fleet Maintenance) – for the anticipated expenditure in the 2016/2017 fiscal year.

RECOMMENDATION: Approve the contract renewals.

BACKGROUND INFORMATION: (Contracts 14-124-01, 02, and 03) City Council originally approved the award of these contracts on May 22, 2014 (with an effective date of July 14, 2014) for a one-year period with five, one-year renewal options. If approved as recommended, this would be the third year of a potential six year term.

The three towing companies are utilized on a rotational basis to ensure a quick response to the scene when activated by Police or Fleet Services. Combined, the three companies responded to a total of 5,372 calls for service over the past contract year. The City’s contract requires that a tow truck arrive on scene within 30 minutes from the dispatch. The City actively monitors, tracks and reports out on the companies’ response times to the scene. This contract is for Police initiated tows or Fleet Services initiated calls and does not include any services related to private property towing.

Common towing fees have been established based on a market survey of surrounding municipal and county agencies. The three contracted companies charge the same rates to all customers. Common fees include the initial tow of the vehicle to the storage yard, daily storage fee, and mileage charges when applicable. Pricing is adjusted on the anniversary date of the contracts based on changes in the Consumer Price Index (CPI) (80% weight) and the OPIS Phoenix Rack fuel index (20% weight).

Contractor Performance

The City monitors contractor performance in a number of areas including response time compliance, billing compliance, and vehicle maintenance and upkeep. All firms are in compliance with response time requirements that stipulate at least a 90% on time record for any single quarter. The City recently conducted its annual field audit where 5.5% of all invoices were randomly selected and reviewed to ensure contract rates were correctly charged to customers – no errors were discovered. Police annually inspects 1/3 of the vehicle fleets of the three companies to ensure tow vehicles are being properly maintained and are road safe. Any deficiencies noted were corrected by the companies and all inspected vehicles have been approved by Tempe Police.

Police, Fleet Services, and Procurement staff evaluated the performance of the companies as shown below and as a result recommends that all of the companies be renewed for an additional one-year term:

<u>Evaluation Criteria</u>	<u>ACT Towing, LLC dba All City Towing</u>	<u>Apache Sands Service Center, Inc.</u>	<u>Towing Professionals of Arizona, Inc.</u>
Personnel are responsive, cooperative and available	A	A	A
Overall quality of products or services delivered	A	A	B
Timeliness of performance	A	B	B

Quality of follow-up in resolving complaints or problems	A	A	A
Firm's promptness in submitting accurate invoices	A	A	A

A=Exceeds Standards, B=Meet Standards, C=Below Standards

Renewal Pricing

Based on the results of the price indexes mentioned earlier (and in large part due to the reduction in fuel prices), the City and individuals who utilize these services will realize a reduction in the cost of the initial tow and applicable mileage charges (where allowed) and a modest increase in the daily storage cost. The chart below shows the initial first year rates as well as the 2nd year and 3rd year new-year rates to better depict the impact the oil market has had on contract pricing.

<u>Category of Charge</u>	<u>1st Year Rates</u>	<u>2nd Year Rates</u>	<u>3rd Year New Rate</u>
Tow Fee (includes initial tow and first 24-hours of storage)			
Under 12,500 pounds	\$40.90	\$38.60	\$37.50
12,500 to 26,000 pounds	\$90.70	\$85.60	\$83.10
26,000 pounds and up	\$189.40	\$178.30	\$173.10
Storage Fee (per 24 hour period)			
Under 12,500 pounds	\$21.30	\$21.60	\$22.00
12,501 to 26,000 pounds	\$42.60	\$43.10	\$43.90
26,000 pounds and up	\$42.60	\$43.10	\$43.90
Mileage Fee (applicable outside of Tempe borders)			
Under 12,500 pounds	\$5.40	\$5.10	\$4.90
12,501 to 26,000 pounds	\$5.40	\$5.10	\$4.90
26,000 pounds and up	\$10.80	\$10.20	\$9.90

ATTACHMENTS: None

STAFF CONTACT(S): Randy Wilson, Police Lieutenant, (480) 350-8124; Kevin Devery, Fleet Manager, (480) 350-8088

Department Director: Renie Broderick, Internal Services Department Director

Legal review by: David Park, Assistant City Attorney and Bill Amato, Police Legal Advisor

Prepared by: Michael Greene, C.P.M., Procurement Administrator