



## **REPORT TO CITY COUNCIL**

**To:** Honorable Mayor and Members of the City Council

**From:** Grant Yates, City Manager

**Prepared by:** Nicole Dailey, Assistant to the City Manager

**Date:** July 28, 2020

**Subject:** Amendment No. 1 – City Tow Operation Franchise Agreement

### **Recommendation**

Authorize the City Manager to execute Amendment No. 1 to the City Tow Operation Franchise Agreement with Brother's Towing, Diamond Valley Towing & Recovery, and Steve's Towing to provide rotational police towing and storage services to the City and the Lake Elsinore Sheriff's Station in such final form as approved by the City Attorney.

### **Background**

Pursuant to California Vehicle Code Section 12110(b), the City has the authority to grant franchises to companies that provide certain towing services and to collect a franchise tow service fee to offset actual and reasonable costs incurred in connection with administering its police towing program.

In February 2014, the City Council adopted Ordinance No. 2014-1322 amending and restating Chapter 12.14 of the Lake Elsinore Municipal Code regarding rotational tow services. Subsequently, the City issued a request for qualifications (RFQ) to local tow truck operators and entered into a City Tow Operation Franchise Agreement with five local tow companies on July 22, 2014.

These companies provide support to the Lake Elsinore Sheriff's Station and the City on a rotational tow schedule. This schedule revolves based on one tow operator per week (Monday-Sunday). Additional tow service needs such as DUI checkpoints, are distributed evenly among the franchisees each year.

The existing franchise agreements were for a term not to exceed four years with a two-year extension for well-performing franchisees. Currently, the City has existing agreements in place with three companies: Brother's Towing, Diamond Valley Towing & Recovery and Steve's Towing. These original agreements (Exhibit B) are set to expire on August 4, 2020. It should be noted that in February 2016, LEAR Towing had a transfer of ownership and its agreement in 2016 to Diamond Valley Towing & Recovery.

### **Discussion**

Due to the COVID-19 pandemic, the City has determined that initiating the competitive process including requesting new proposals from tow operators and thoroughly evaluating such proposals is a significant and unnecessary burden on both the City and operators at this time. Therefore, staff is recommending the City extend the existing City Tow Operation Franchise Agreement for one additional year. The extension would continue all terms of the current agreement through June 30, 2021 as stated in Amendment No. 1 (Exhibit A).

In the interim, City staff will work closely with the Lake Elsinore Sheriff's Station to closely review and evaluate the program including Chapter 12.14 of the Lake Elsinore Municipal Code, the existing City Tow Operation Franchise Agreement, and associated franchise fees.

Following this review, the City would anticipate issuing an RFQ in the spring of 2020 to solicit qualified tow truck operators interested in entering into a franchise agreement to provide rotational police towing and storage services to the City of Lake Elsinore and the Lake Elsinore Sheriff's Station.

As part of this process, the City and law enforcement would conduct a multi-step evaluation of the submitted tow franchise proposals to ensure they meet all qualifications as specified in the RFQ and/or the franchise agreement. This includes facility and equipment inspections by the Sheriff's Station and City staff to assess the quality and condition of the vehicles, equipment, and storage.

These agreements would then be presented to the City Council for approval.

### **Fiscal Impact**

The current annual franchise fee for each company is a flat fee of \$4,000 per year. This would result in total franchise fees to the City of \$12,000 for Fiscal Year 2020-2021.

### **Exhibits**

A – Amendment No.1

B – Original Agreement