

## **POLICE COMMITTEE MINUTES**

October 25, 2004

The Police Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on October 25, 2004 at 4:05 p.m.

**COMMITTEE PRESENT**

Kyle Jones, Chairman  
Tom Rawles  
Claudia Walters

**COMMITTEE ABSENT**

None

**STAFF PRESENT**

Mike Hutchinson

1. Discuss and consider recommendations pertaining to future towing service contracts.

Police Chief Dennis Donna introduced Police Commander Les Portee, Police Commander Hector Federico and Materials Management Director Sharon Seekins.

Ms. Seekins reported that in July of this year, the Council rejected bids for the non-emergency towing contract and explained that since that time, staff from Fleet Support, Police and Purchasing have met on several occasions to discuss the most effective manner in which to restructure and improve the City's towing contracts. She stated that since Council's recent action, Five Star Ford, the City's maintenance contractor, has purchased a tow truck and the need for a non-emergency towing contract has diminished significantly. Ms. Seekins further advised that the Council first authorized an emergency towing contract in 1990; that the current towing contract, which expires on February 28, 2005, is held by Cactus Towing; and that upon receiving direction from the Committee and ultimately the Council, staff is prepared to develop and distribute a Request for Proposals (RFP) for a five-year contract for the "Police Department Towing Services Contract."

Commander Federico referred to the October 25, 2004 City Council Report and highlighted various options, recommendations and alternatives related to the above-mentioned towing services contract. (See Attachment.)

Staff's recommendations are as follows:

- **Combine all towing services required by the Police Department into a single contract to be awarded to a single provider. The new contract would include all towing required in response to accidents on public streets and recovery of abandoned and/or stolen vehicles.**

- **Retain the current requirement for a maximum 20-minute response to any part of the City for accidents, stolen vehicle recovery and other tows that pose a hazard to the motoring public.** (This timeframe would fit into the normal traffic investigation process allowing sufficient information to be gathered at an accident scene prior to the arrival of a tow truck.)
- **Require the contractor to have a storage lot located no further than three miles from the Mesa City limits.**
- **Authorize staff to proceed with an RFP for a five-year contract for the “Police Department Towing Services Contract” to be awarded by the City Council. Service would commence March 1, 2005 and end on February 28, 2010.**

Commander Federico explained that staff is recommending several changes to the contract that should improve customer satisfaction under a single award contract. He outlined the options as follows:

- Expanding the potential location of the storage lot to allow firms whose storage yard is just across the border in Gilbert or Tempe to compete in the process. Commander Federico advised that the results of a telephone survey conducted by staff revealed that such an option would allow for more companies to participate in the bid process and offer greater availability of zoned storage lots.
- Restrict the contractor’s ability to add fees after the initial tow. Staff proposes to restrict the contractor to two fees that could be added after the initial tow including daily storage and a fee for the second tow to a dealership or other location, which would not be regulated by the City.
- Prohibit the contractor from allowing the customer to be solicited for any related business such as auto body repairs, legal services or other types of service.
- To encourage better pricing, increase the total evaluation points related to pricing from 20% to 35%.
- Require that the towing contractor pick up abandoned vehicles at no cost to the City. In order to protect citizens whose abandoned vehicles are towed from paying overly high storage rates, the proposal would require bidders to disclose their proposed daily storage rate. Staff would assign 10% of the pricing points to rate such cost to the consumer for ten days of storage for an abandoned vehicle.
- Step up monitoring of contractor performance through enhanced reporting requirements and more frequent audit of tow bills.

Commander Federico stated that in addition to the recommendations and proposed changes to the towing services contracts, the Committee may wish to consider several alternatives including: 1.) retain contract towing as recommended, but allow two vendors to participate in providing towing services Citywide; 2.) return to rotational towing; and 3.) return to the previous towing contracts and/or maintain the contract as it exists today. This would include an emergency and non-emergency contract system.

Commander Federico stated that with regard to fiscal impact, under the proposed option, the contractor would tow abandoned vehicles at no cost to the City; expenses associated with accident-related tows would be incurred by the vehicle owners; and that the only fees the City would incur under the proposed recommendation would be if a vehicle is towed for evidentiary purposes.

Ms. Seekins emphasized that it is important for the Committee to understand that as staff formulated the recommendations, such recommendations were not based on deficiencies relative to the current provider's performance, but rather to improve the City's future towing services contracts. She added that staff has reviewed towing contracts from other municipalities and jurisdictions and incorporated the best of those components into Mesa's future document.

In response to a series of questions from Committeemember Walters, Ms. Seekins clarified that the "initial tow" of a vehicle could be to the vehicle owner's home as opposed to a storage yard. She explained that the proposed and current contract specifications indicate that a flat fee towing rate is for a tow from an accident site to the storage lot. Ms. Seekins also stated that if the customer requested that the tow be made to an alternate location, the contractor could only charge an additional amount if the alternate location is a further distance than the storage yard and added that amount is governed by the mileage fee, which is also a component of the proposal price.

Discussion ensued relative to an historical overview of Mesa's rotation towing system; that based on a telephone survey conducted by staff, it was determined that five Mesa companies would qualify under the current towing standards and at least three additional firms would be eligible if the potential location of the storage lots was expanded just across Mesa's border in Gilbert or Tempe; that the rotational towing system was abandoned due to the high level of staff time associated with utilizing multiple providers, long response times and citizen complaints related to high prices; that auto towing and impound yards are a permitted use by right in the M-2 District and the M-1 Zoning District, but only if granted a Special Use Permit by the Council; and that the State has language in its towing services RFP that requires that a tow from a storage lot to the public right-of-way must be done at no charge and that such language could be incorporated into the City's RFP if directed by the Committee and/or Council.

In response to Committeemember Rawles' suggestion regarding possible language in the RFP relative to initial service calls (i.e., to qualify, the contractor would agree to perform the service for no more than, for example, \$35), Ms. Seekins clarified that it would be necessary for staff to research the legality of such a suggestion. She stated that staff was advised by Maricopa County and the Arizona Department of Public Safety (DPS) that when setting their rates for initial service calls, they conduct a survey of the going rate of the towing companies in the region where the rotation list is being established and that based on the results of that survey, they select an average amount.

Committeemember Rawles commented that in comparing Mesa's towing rates versus those of Maricopa County and DPS, it appears as though Mesa has a lower cost with its contract basis and that from the City's standpoint, it is not necessarily saving tax dollars, but rather a savings to the vehicle owners who ultimately pay the fees.

Ms. Seekins advised that she has been informed by Police Lieutenant Ben Kulina there may have been occasions when the City paid the towing charges for individuals involved in an accident who were uninsured motorists and did not have the funds to pay such fees. She stated that it would be necessary for staff to determine whether such a duty would continue to be the City's responsibility under the new contract.

Further discussion ensued relative to staff's rationale to recommend expanding the potential location of storage lots no further than three miles from Mesa's City limits including Tempe, Gilbert and Apache Junction.

Committeemember Rawles thanked staff for the informative and thorough presentation. He expressed concerns relative to expanding the location of storage lots outside the City which could potentially inconvenience residents living, for example, in Dobson Ranch and having to travel to Apache Junction to retrieve their vehicles. He stated that he would prefer that the storage lots remain more centrally located. Committeemember Rawles also commented that with regard to staff's recommendation to prohibit a contractor from soliciting a customer for related businesses such as auto body repairs, it would be appropriate for the contractor to display some type of sign in his tow truck or to be handed directly to the customer indicating that he is not allowed to do so.

Committeemember Walters indicated that there is an interest on the part of the City to ensure that the motoring public is not overcharged with regards to towing costs. She explained that having previously considered the matter from the perspective of the towing companies, she is now turning her attention to the viewpoint of citizens who would use such services. She stated the opinion that Mesa should not return to a rotation towing system due to numerous citizen complaints regarding their inability to locate their vehicles after they have been towed. Committeemember Walters also noted that she would not be opposed to the establishment of a central clearinghouse to assist citizens in locating their vehicles, but commented that the City should not be required to bear those costs. She concurred with Committeemember Rawles regarding the negative perception that Mesa residents would be required to travel outside of the City to retrieve their vehicles and added that she is opposed to the inclusion of the recovery of abandoned and/or stolen vehicles as a component of the proposed single contract.

In response to a series of questions from Chairman Jones, Ms. Seekins clarified that with regard to the regulation of fees, staff is proposing that the City not regulate the second tow fee and that the tow company would be allowed to charge their commercial rate. She commented, however, that the charges for the initial tow, mileage and daily storage would be regulated through the contracting process. She indicated that staff has not determined whether the second tow could be from a storage lot to the street and noted that some agencies require that that be done at no charge. Ms. Seekins added that if the City proceeded with this option, the customer would have the ability to select the towing company of his or her choice once the vehicle was moved to a public street.

Chairman Jones stated that because of the large number of citizens in attendance at the meeting, he would invite four individuals to address the Committee regarding this issue.

In response to a question from Committeemember Walters regarding the legality of Chairman Jones allowing only four citizens to address the Committee, City Manager Mike Hutchinson clarified that such a decision is generally left up to the Chairman's discretion. He assured everyone that when the Committee forwards its recommendation to the full Council, any citizen or towing company representative would have an opportunity at that time to address the Council concerning this agenda item.

David Udall, 30 West 1<sup>st</sup> Street, an attorney representing Cactus Towing Company, referred to the October 25, 2004 City Council Report and concurred with staff's recommendations to combine all towing services into a single contract to be awarded to a single provider and also to retain the current requirements for a maximum 20-minute response time. He voiced opposition, however, to expanding the storage lot location outside Mesa City limits and stated the opinion that this is a Mesa contract and should be limited to storage areas within the City. Mr. Udall also noted that a contractor should not be prohibited from making recommendations to

customers regarding related businesses, especially if a particular business is located within Mesa and the City would receive the sales tax revenues from that entity.

Bruce Baker, a representative of the towing and body shop industry, discussed the fact that a number of Valley cities, including Surprise and Glendale, have elected to abandon a single contract for their towing services and change to a rotation towing system. He explained that even though a single provider must adhere to its contract rates for an initial tow, the "real money" that the towing company charges to make a second tow to a body shop could be significant. (In Surprise, it costs as much as \$350.) Mr. Baker commented that insurance companies are regulating on a more frequent basis where an insured's vehicle can be taken for repairs and stated, in fact, that many insurance companies are considering expanding their services to include body shop and towing company operations. He urged the Committee to reconsider the rotation towing system and stated the opinion that it provides a more equitable opportunity for multiple towing companies to meet the demands of a community.

Chad Gammage, a representative of Daryl's Towing, expressed a series of concerns regarding staff's proposed recommendations. He indicated that he is opposed to the City proceeding forward with a single provider contract and that as various municipalities face litigation as a result of such contracts, it would not make sense for Mesa to proceed in that direction. Mr. Gammage questioned the information that staff has obtained during this process and stated the opinion that data that has been requested regarding the previous contracts does not appear to exist. He added that there are representatives of several different towing companies in the audience who are willing to meet with the Committeemembers to discuss this item in greater detail.

Tom Tedford, a representative of United Road Services, advised that his firm specializes in municipal towing and holds several contracts throughout the country. He explained that the current trend has been to move away from rotation towing contracts in the interest of incident management and law enforcement management and stated that he would recommend a single provider contract. Mr. Tedford noted that in reviewing staff's recommendations, there is no mention of evaluation points being awarded to the towing companies with respect to their safety records. He added that the concept of revenue sharing between towing companies and municipalities has not been discussed, but has been met with great success throughout the country.

Discussion ensued and the Committeemembers offered the following comments and recommendations regarding this agenda item:

- That in order for the Committee and ultimately the Council to proceed forward with a thoughtful and straightforward proposal, staff is directed to schedule a public meeting to solicit input from representatives of the towing industry, lobbying agencies and anyone wishing to address this matter.
- That subsequent to the public meeting, staff is instructed to obtain data from various agencies that would have no bias with regards to the City's towing services contract such as DPS, local municipalities and out-of-state entities.
- That staff make a presentation to the Police Committee regarding the input obtained at the public meeting, as well as the information gathered from various outside sources.

Chairman Jones expressed appreciation to staff for the presentation.

2. Discuss and consider amending Title 6, Chapter 15, Section 6 (B) of the Mesa City Code, which replaces the current alarm-permit fee exemption for residents over the age of 65 with an exemption based solely on federal poverty guidelines.

Chairman Jones declared a potential conflict of interest and said he would refrain from discussion/participation in this agenda item. He yielded the gavel to Committeemember Walters for action on this agenda item.

Committeemember Walters stated that she has read the report regarding this matter and is prepared to proceed with staff's recommendation.

Committeemember Rawles commented that he would prefer that the proposed alarm permit fee exemption be based on residents over the age of 65 and also on an annual fixed limited income that is at or below the Federal poverty guidelines. He explained that the basis for the age exemption originally occurred when it was felt that senior citizens might be less able to defend themselves from an intruder. Committeemember Rawles commented that does not apply to individuals who are poor and do not necessarily have such an inability, and therefore the rationale for granting the exemption because people were infirmed does not carry over to "just pure poverty."

Committeemember Walters commented that because Committeemember Rawles and she hold differing opinions regarding this agenda item, the Committee would not proceed with a motion and the matter would move forward to the full Council for discussion and consideration.

3. Adjournment.

Without objection, the Police Committee meeting adjourned at 5:30 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Police Committee meeting of the City of Mesa, Arizona, held on the 25<sup>th</sup> day of October 2004. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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Attachment

## City Council Report

**Date:** October 25, 2004  
**To:** Police Committee  
**Through:** Mike Hutchinson, City Manager  
**From:** Dennis Donna, Police Chief  
**Subject:** Recommendations for Future Towing Service Contracts

### **Purpose and Recommendation:**

The purpose of this report is to provide options and recommendations related to Mesa Police Department's future towing services contracts. The staff recommendation is:

- To combine all towing services required by the Department into a single contract to be awarded to a single provider. The new contract would include all towing required in response to accidents on public streets, as well as recovery of abandoned and/or stolen vehicles. Towing of disabled City vehicles would be covered under a separate agreement administered by Fleet Support Services.
- To retain the current requirement for a maximum 20-minute response to any part of the City for accidents, stolen vehicle recovery and other tows that pose a hazard to the motoring public. Tows related to abandoned vehicles would be allowed a longer response time.
- To require the Contractor to have a storage lot located no further than 3 miles from the Mesa city limits. This is a change from the current requirement that the storage lot must be located within the Mesa city limits.
- To authorize staff to proceed with an RFP for a five-year contract for the "Police Department Towing Services Contract", to be awarded by the City Council. Staff is able to release the RFP within two weeks, and anticipates that the new contract will be referred for award at the Council's second meeting in January 2005. Service would commence March 1, 2005; the day after the current emergency towing contract expires. The contract would end on February 28, 2010.

### **Background**

The City Council first authorized contract towing in 1990, after several years under a rotation towing system. The rotation system was abandoned due to the high level of staff time associated with having multiple providers, combined with unacceptably

long response times and numerous citizen complaints about high prices. Over the years, rotation and multi-award systems have evolved to address response time and more stable pricing, but they are not able to limit the number of service providers. That is because under rotation or multi-award contracts, the agency identifies minimum requirements and invites towing firms to apply. Any firm meeting those requirements is eligible to be on the rotation or multi-award list. When Mesa abandoned rotation towing in 1990, there were fourteen companies on the rotation list. In recent weeks, staff members performed a telephone survey of local towing businesses to see how many might be qualified providers if Mesa returned to rotation or multi-award towing. The survey assumed that the City would require firms to have at least five trucks and a minimum-2-acre storage lot that meets the requirements outlined in the "recommendation" section of this report. Using these criteria, the survey revealed that at least 8 providers could qualify to be on the towing list. Staff believes that the administrative time effort and cost associated with administering such a contract would far outweigh any advantage of having multiple providers.

## Discussion

In recent weeks, a staff committee has been researching ways to improve the towing contracts. Staff is recommending several changes that should improve customer satisfaction under a single award contract. These include:

- Expanding the potential location of the storage lot to allow firms whose storage yard is just across the border in Gilbert or Tempe to compete. The telephone survey indicated that if this change were permitted, at least three additional firms would be eligible to participate in the RFP. One reason that several bidders have storage lots outside Mesa is that there is a scarcity of appropriately zoned and otherwise acceptable parcels in Mesa. According to information provided by the Zoning Office, auto towing and impound yards are a permitted use by right in the M-2 District and in the M-1 Zoning District, but only if granted a Special Use Permit by the City Council.
- Restricting the contractor's ability to add fees after the initial tow. Many customer complaints relate to fees for moving a vehicle from the storage lot to the street in order to have it towed away, or miscellaneous administrative fees or other fees that are added to the towing invoice. Staff proposes to restrict the contractor to just two fees that can be added after the initial tow. Those fees would be daily storage (which will be set under the contract) and the fee for the second tow to a dealership or other location (which would not be regulated by the City).
- Prohibiting the contractor from allowing its customers to be solicited for any related business such as auto body repairs, legal services or any other type of service. This prohibition is important because some potential bidders have a financial interest in a repair facility that is located near the towing storage lot.

- To encourage better pricing, increase the percentage of evaluation points related to the proposed fees. For previous emergency towing contracts, 20% of the total points were related to pricing. Staff proposes to increase that percentage to 35%.
- Require the towing contractor to pickup abandoned vehicles at no cost to the City. Staff research showed that other area agencies do not pay for this service, and it is recommended that the City adopt this practice, as well. In order to protect citizens whose abandoned vehicles are towed from paying overly high storage rates, the proposal will require bidders to disclose their proposed daily storage rate. Staff plans to assign 10% of the pricing points to rate the proposed cost to the consumer for ten days of storage for an abandoned vehicle.
- Stepped up monitoring of contractor performance through enhanced reporting requirements and more frequent audits of tow bills. Staff is developing new contract monitoring guidelines and will work in partnership with the City Auditor to develop a more proactive contract-monitoring program.

### **Alternatives**

Retain contract towing as recommended, but award to two firms: This alternative retains many of the advantages of the recommended single award option, but increases the number of contractors to two. Such a system may put pressure on the contractors to perform well so as not to lose their portion of the contract. A two-contract system could be achieved by either dividing the City into zones or issuing an award to the firms achieving the two highest evaluated scores from the RFP. The disadvantage of this alternative is that pricing may not be as competitive and staff administrative costs will be higher due to the need to track which vehicles went to each contractor, plus the need to monitor billing and performance for two firms.

Return to rotational towing: This alternative has the advantage of allowing multiple towing firms to participate. In addition, it would eliminate the necessity for the City Council to award an RFP since all firms that meet the minimum requirements would be placed on the rotation list. The disadvantages are the potential for eight or more providers, which would dramatically increase administrative costs, and the likelihood of higher pricing. Those agencies using rotation or multi-award contracts have performed a survey of local towing firms to determine an average rate, which all providers agree to charge. A review of the rates used by the State and Maricopa County show that rotation contracts result in dramatically higher rates than Mesa has had under contract towing (See Exhibit A)

Return to the previous towing contracts: This alternative would result in combining the towing of abandoned vehicles with towing of disabled City vehicles in one contract, and having another contract for accident related towing. If selected, this would require two Requests for Proposal, one for each contract. Staff does not

recommend this alternative because the City would continue to pay for towing of abandoned vehicles, which is not consistent with the practice of other agencies. In addition, the towing volume of the previous non-emergency towing contract has dropped significantly because Five Star Ford (the City's maintenance contractor) has its own tow truck and tows disabled vehicles at no cost. In addition, non-emergency tows that are required during the warranty period are also performed at no cost. Thus, to reinstate the former non-emergency towing contract would likely increase costs.

### **Fiscal Impact**

Under the recommended option, the City proposes to have the contractor tow abandoned vehicles at no cost to the City. The expense associated with accident related tows will be borne by the vehicle owners. The only-time the City will pay for towing under the proposed alternative is when a vehicle is towed for evidentiary purposes. When this happens, the vehicle is taken to the Police impound lot, so no storage costs are incurred.

### **Concurrence**

Staff members from the Traffic, Communications and Fiscal Management sections of the Police Department collaborated with staff from Purchasing to perform the research and prepare this recommendation.

Hector Federico, Police Commander

Les Portee, Assistant Chief

Dennis Donna, Police Chief

Mike Hutchinson, City Manager

Attachment:           Exhibit A - Towing Rate Comparison  
                              Exhibit B - Recap of Towing Contract Call Volume