

 <h1 style="text-align: center;">Council Communication</h1> <p style="text-align: center;">Office of the City Manager</p>	Date	November 9, 2009
	Agenda Item No. 56A Roll Call No. <u>09-</u> Communication No. <u>09-795</u> Submitted by: Judy A. Bradshaw, Chief of Police	

AGENDA HEADING:

Accepting Finance Director’s Decision on Appeal of Bid Award Recommendation for Impound Towing and Storage Contract V10-027 to G&S Service, Inc. and Acceptance of G & S Service, Inc. Bid.

SYNOPSIS:

The Impound Towing Contracts with Owen Crist Auto Body and Crow’s Auto Services, Inc. d/b/a Crow Tow (“Crow Tow”) expired May 31, 2009. A bidding process (V09-103) was initiated to identify qualified impound towing contractors for the City. Bidders were allowed to bid either District 1 (West) or District 2 (East) or Both Districts 1 and 2. Proposals were submitted by three qualified vendors for V09-103.

Bid V09-103 was rejected by the City Council on August 24, 2009 and staff was instructed to initiate a new bidding process delineating in the specifications that any towing and storage charges incurred by an owner of an impounded vehicle would not exceed the towing and storage charge incurred by the City. Bid V10-027 was then distributed to ten qualified vendors and four proposals were submitted to the City.

On October 20, 2009 the Procurement Administrator sent bidders notification that the City staff recommendation to Council was to accept the bid from Crow Tow for both District 1 and District 2. On October 21, 2009 G & S Service, Inc. filed a timely appeal to that award recommendation from the Procurement Administrator. The bid instructions provide that appeals from the Procurement Administrator’s award recommendation are decided by the Finance Director. The Finance Director issued his decision on the appeal on October 23, 2009 that the bid from G & S Service, Inc, was the low compliant bid, for District 1 and District 2, based on a first tow charge, including wrecker, of \$20.00. The Finance Director’s decision is the staff recommendation for award of the bid. On October 27, 2009 Crow Tow delivered a written appeal from the Finance Director’s decision. The bid instructions provide that appeals from the Finance Director’s decision be made to the City Council.

This Council Communication will provide information relating to the bid analysis and award of bid. A separate City Manager’s letter to Council will provide information relating to the Crow Tow appeal.

Compliance with Bid Requirements

Specifications	District 1	District 2	Owen Crist Compliance	G&S Compliance	Crow Tow Compliance	Hanifen Compliance
Location in City	City Limits	City Limits	Yes District 1 only	Yes	Yes	Non compliant
Experience	2 years	2 years	Yes District 1 only	Yes	Yes	
Zoning	Cert. Occupancy Salvage Cert.	Cert. Occupancy Salvage Cert.	Yes District 1 only	Yes	Yes	

Storage Outside	175 Spaces	150 Spaces	Yes District 1 only	Yes	Yes	
Storage Inside	10 Spaces	10 Spaces	Yes District 1 only	Yes	Yes	
Auction spaces	110 Spaces	110 Spaces	Yes District 1 only	Yes	Yes	
One ton Wreckers	4	3	Yes District 1 only	Yes	Yes	
Flatbeds	2	2	Yes District 1 only	Yes	Yes	
Semi Truck wrecker	1	1	Yes District 1 only	Yes	Yes	
Licensed drivers	6	6	Yes District 1 only	Yes	Yes	

Staff then determined that the low dollar bid for both District 1 and District 2 was submitted by Crow Tow, based upon an understanding that the first tow bid charge for Crow Tow was \$39.90 and the G & S Service, Inc. first tow charge would be \$70.00 (see Table 1 below). After evaluation of all proposals, it was recommended by the police department that the option that was in the best interest of the City and the vehicle owners is to award the Impound Towing and Storage contract to one vendor.

Table 1

Vendors Options	Owen Crist Auto Body Inc.	G&S Services	Crow Auto Service Inc.	Hanifen
Total Cost Value				
District 1	\$ 497,773.80	\$ 443,937.00	\$ 413,751.60	N/A
District 2	\$ -	\$ 239,845.00	\$ 236,723.10	N/A
Total		\$ 683,782.00	& 650,474.70	N/A
Compliance to Bid	Compliant for District 1	Compliant	Compliant	Non Compliant

Under the bid specifications, the formula for determining the cost of each bid proposal relies in part on the Line 1 amount of the Pricing Worksheet (see Attachment 3) found in Bid Sections 10 and 11. The G & S Service bid had a discrepancy between the amount submitted for lines 1 and 15, which staff anticipated should be the same, and was the same for all other bidders, so G & S Service, Inc. was contacted to provide clarification as to the amount to be charged for a first tow with a wrecker. G&S Service, Inc. advised City staff that their charge would be a combined total of line 1 (\$20) and line 15 (\$50) for the normal charge for the first towing of a vehicle. The above calculations were based upon the cost amounts submitted by the participating vendors, which in the case of Owen Crist Auto Body and Crow Tow was the dollar cost proposed on line 1 of Sections 10 and 11 of the bid specifications. In the case of G&S Service, Inc. the combined totals of Line 1 and Line 15 of Sections 10 and 11, were used as the Line 1 total cost.

Upon notification of the vendors that the low cost compliant bidder was Crow Tow, G&S Service, Inc. filed a written appeal through their Attorney Patrick W. O’Bryan (see Attachment 1). In this appeal, G & S Service, Inc. asserted that the \$70.00 cost for the normal charge for the first towing of a vehicle in the City limits was incorrect and that the City should be calculating the cost at \$50.00 delineated on line 15

of Sections 10 and 11 of the bid specifications. The formula using the \$50.00 cost computed as follows:
(See Table 2 below)

Table 2

Vendors Options	Owen Crist Auto Body Inc.	G&S Services	Crow Auto Service Inc.	Hanifen
Total Cost Value				
District 1	\$ 497,773.80	\$ 349,457.00	\$ 413,751.60	N/A
District 2	\$ -	\$ 191,465.00	\$ 236,723.10	N/A
Total		\$ 540,922.00	& 650,474.70	N/A
Compliance to Bid	Compliant for District 1	Compliant	Compliant	Non Compliant

Pursuant to the bid instructions, the appeal was decided by the City Finance Director, who reviewed the bidding process and all proposals and bidding documents. His decision is attached to this Council Communication (see Attachment 3). In summary, it was the decision of the City Finance Director that the \$20 amount listed in Line 1 by G&S Service was their bid price for the normal charge for the first towing of a vehicle. Recalculating the formula defined in the bid specifications in Section 9.5 reveals the following low cost amount for G&S Services: (See Hearing Officer’s Findings and Table 3 below).

Hearing Officer’s Findings

<u>G&S Services</u>	<u>District 1</u>	<u>Crow Auto Services Incorporated</u>
793 x \$20.00 = \$15,860		793 x \$39.90 = \$31,640.70
32 x \$3.00 x 793 = \$76,128		32 x \$6.00 x 793 = \$152,256
50 x \$35.00 = \$1,750		50 x \$45.00 = \$2,250
3931 x \$20.00 = \$78,620		3931 x \$39.90 = \$156,846.90
3 x \$3 x 3931 = \$35,379		3 x \$6 x 3931 = \$70,758
= \$207,737 (low bid)		= \$413,751.60

<u>G&S Services</u>	<u>District 2</u>	<u>Crow Auto Services Incorporated</u>
547 x \$20.00 = \$10,940		547 x \$39.90 = \$21,825.30
32 x \$3.00 x 547 = \$52,512		32 x \$6.00 x 547 = \$105,024
33 x \$35.00 = \$1,155		33 x \$45.00 = \$1,485
1872 x \$20.00 = \$37,440		1872 x \$39.90 = \$74,692.80
3 x \$3 x 1872 = \$16,848		3 x \$6 x 1872 = \$33,696
= \$118,895 (low bid)		= \$236,723.10

Table 3

Vendors Options	Owen Crist Auto Body Inc.	G&S Services	Crow Auto Service Inc.	Hanifen
Total Cost Value				
District 1	\$ 497,773.80	\$ 207,737	\$ 413,751.60	N/A
District 2	\$ -	\$ 118,895	\$ 236,723.10	N/A
Total		\$ 326,632	\$ 650,474.70	N/A
Compliance to	Compliant for	Compliant	Compliant	Non

Bid	District 1	District 1 and 2	District 1 and 2	Compliant
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Based upon the appeal decision, the Police and Finance Department's staff recommends the City Council award the Impound Towing and Storage Contract to G&S Service Inc., 4100 East 16th Street, Des Moines, Iowa 50313, owner Glen Mikel for both District 1 and 2.

The term of this contract is for thirty six months renewable for two additional twelve month periods.

FISCAL IMPACT:

Amount: \$41,000. Payment to the successful bidder is to be approximately \$326,632 annually, but considering the offsetting revenues from auction proceeds and the State of Iowa, the net amount provided in the Police Department budget will be approximately \$41,000 per year.

Funding Source: GE001, POL040400, FY2010 Recommended Budget, page 229.

ADDITIONAL INFORMATION:

The expiration of the Impound Towing and Storage Contract in May 2009 generated two bidding processes. The first bid V09-103 was rejected by the City Council after they reviewed the specifications and determined the specifications should reflect the stipulation that any vehicle owner in the City of Des Moines having their vehicle impounded should not be charged a towing and storage fee that exceeded the same charge contractually applied to the City. The specifications were changed to document the Council's request and another bidding document V10-027 was sent to qualified vendors. Ten vendors received the bidding document and four responded with valid proposals.

One of the vendors was Hanifen Company Incorporated. This company was disqualified because they failed to comply with Section 4.1 of the specifications that requires the vendor to be located within the boundaries of the City of Des Moines, Iowa.

The three remaining vendors were Owen Crist Auto Body, G&S Services, Inc., and Crow's Auto Service, Inc. d/b/a Crow Tow ("Crow Tow"). After an appeal by G & S Service to the City Finance Director, the compliant low dollar bidder for both District 1 and District 2 was determined to be G&S Service, Inc.

In the past, the Council has approved two towing and storage vendors for the City. The advantage to this arrangement is the ability for each vendor to assist the other during high volume towing trips being dispatched on one side of the City. The disadvantage of this arrangement is the disparity of towing and storage fees charged to the public. Currently it costs less to have your vehicle impounded on one side of the City rather than the other and the same result will occur if two vendors are used. This also means two separate sets of impound records and two auction sales in separate locations. All of these disadvantages disappear when the City retains one vendor because all vehicles and sales will be located and priced at one site. The single vendor awarded this contract will be maintaining equipment and personnel requirements for both districts.

There have been incidents in the past when towing contractors have failed to meet their contract requirements and the City was forced to take emergency contractual steps to alleviate the volume of impounded vehicles. If this were to be experienced during this new contract term, action to relieve the above situation will be in accordance with the authority of the City Procurement Ordinance to quickly

contract with another qualified towing and storage vendor in cases of an operational emergency. Removing inoperable vehicles to allow safe access and utilization of City streets and freeways is a high priority for the police department and well being of the general public.

For these reasons, staff believes that it is in the best interest of the City, and is therefore recommending that the City Council award the Impound Towing and Storage Contract to G&S Services Incorporated 4100 East 16th Street, Des Moines, Iowa 50313, owner Glen Mikel for both District 1 and 2.

The term of this contract is for thirty six months renewable for two additional twelve month periods.

PREVIOUS COUNCIL ACTION(S):

Date: August 24, 2009

Roll Call Number: 09-1603

Action: Rejection of impounded vehicle towing and storage bids and directing Procurement Administrator to reissue invitation to bid with revised bid specifications. (Council Communication No. 09-613) Moved by Vlassis to adopt and expedite the process if possible. Motion Carried 7-0.

Date: August 10, 2009

Roll Call Number: 09-1509

Action: Bids from G & S Services Inc. (Glen Mikel, Owner/President) and Crow's Automotive Services d/b/a Crow Tow (Randy Crow, President) to furnish impounded vehicle towing and storage services for use by the Police Department, estimated cost \$522,209. (Nine bids mailed, three received). (Council Communication No. 09-547)

) Moved by Coleman to continue to August 24, 2009 meeting and refer to City Manager for additional information regarding citizen fees being considered in bid process. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.

Attachment 1

O'BRYAN LAW FIRM
300 Walnut Street --The Plaza -- Suite 125
DES MOINES, IOWA 50309
(515) 283-8399

E-Mail: patrickobryanlaw@msn.com
WEB: www.patobryanlaw.com

PATRICK W. O'BRYAN

Fax: (515) 283-2670

October 21, 2009

City Finance Director, Allen McKinley
City of Des Moines
City Hall
400 Robert D. Ray Drive
Des Moines, Iowa 50309

Re: Towing Services
Invitation to Bid V10-027

NOTICE OF APPEAL

COMES Now the Appellant, G & S Service, Inc., by and through the undersigned attorney and hereby Appeals to the City Finance Director, Allen McKinley, the decision of Michael L. Valen, Procurement Administrator, made on October 20, 2009, to award to the applicant Crow Tow for both District 1 and District 2, the bid to provide Towing Service for the City of Des Moines Police Department pursuant to Bid V10-207, and in support thereof states:

1. On page two of the decision attached hereto and marked as Exhibit A, is the cost calculation summary sheet prepared by Mr. Valen showing that the bid by G & S Services was \$443,937.00 for District 1 and \$239,845.00 for District 2, for a total of \$683,782.00.

2. The appellant would submit that there was a mathematical error reflected in this decision. The bid by G & S Service Inc., as shown by Exhibit B page 10, was actually \$349,457.00 for District 1, and \$191,615 for District 2, for a total of \$541,072.00. See Exhibit C.

3. For some reason the Procurement Administrator apparently believed that the G & S Service Inc. charge for towing of a vehicle in the City limits of Des Moines

was a total of \$70 per vehicle, and not \$50.00 per vehicle, and hence the calculations made by the Procurement Administrator reflected a higher figure.

4. The confusion perhaps arises because on line 1 of the bid worksheet, G & S Service Inc submitted the dollar amount of \$20.00, which is the charge G & S Service Inc. bills to go to scene without a hookup of either a wrecker or a flatbed. If a wrecker or flatbed is actually used to then tow the vehicle, then the total charge is only \$50.00. There is not an addition of the two charges. This confusion arises because under the bid cost topic worksheet only line items 1, 3, and 6 are supposedly considered to determine the bid without an allowance being made for lines 15 and 16.

5. Appellant would submit that the other two bidders would reap a considerable windfall merely by having flatbed trucks do the towing as an add on charge for the majority of their towing assignments.

6. Because the G & S Service Inc. bid is the low bid, and G & S Service Inc. is otherwise qualified and capable of performing Towing Service for the City of Des Moines, G & S Service Inc. should be awarded the subject bid invitation to provide Towing Service for the City of Des Moines Police Department.

Respectfully submitted,

O'BRYAN LAW FIRM



By: Patrick W. O'Bryan AT0005863
300 Walnut Street, Suite 125
Des Moines, Iowa 50309
Telephone: (515) 283-8399
Facsimile: (515) 283-2670
E-mail: patrickobryanlaw@msn.com

ORIGINAL FILED

ATTORNEY FOR G & S SERVICE, INC.

Mr. Patrick W. O'Bryan, of the O'Bryan Law Firm, on behalf of G & S Service, Inc., submitted a letter dated October 21, 2009, appealing the recommendation of Michael L. Valen, Procurement Administrator, to award to Crow Tow District 1 and 2 Towing Service contracts based on bid prices submitted on Bid V10 – 027. The appeal asserts an error was made in the calculation of costs based on the submitted bid prices of G & S Service, Inc. The primary purpose of the City using a competitive bid process is to attain the lowest compliant cost for the anticipated purchase of goods and services and to obtain and assess those costs with no bias. In this instance, G & S Service, Inc. is claiming that the Procurement Administrator incorrectly calculated the extensions of price based on volumes which were explicitly described in Section 9.5 (as corrected by notification on September 28, 2009) of the bid document and reproduced below:

City Charge	Total	District 1	Owner Charge	Total
793 x Line 1 (page 10)	A		3931 x Line 1 (page 10)	D
32 x Line 3 (page 10) x 793	B		3 x Line 3 (page 10) x 3933	E
50 x Line 6 (page 10)	C			
Total cost value	A+B+C+D+E			

City Charge	Total	District 2	Owner Charge	Total
547 x Line 1 (page 11)	A		1872 x Line 1 (page 10)	D
32 x Line 3 (page 11) x 547	B		3 x Line 3 (page 10) x 1872	E
33 x Line 6 (page 11)	C			
Total cost value	A+B+C+D+E			

The City intended to award the bid based on prices submitted on lines 1,3, & 6 on pages 10 and 11 of the bid document reflecting likely costs to be incurred by the City and related private parties. The City chose to ask for prices by District to allow more bidders to participate who may not have sufficient facilities or operational capacity to service the entire City. The prices when extended by probable volumes (as supplied in Section 9.5) are to be a reflection of what the anticipated City and Owner costs would be over the life of the contract.

In Sections 10.0 and 11.0 of the bid document the City also requested pricing for a variety of other services such as unlocking doors, winching a vehicle, towing a semi-truck, towing using a flatbed, etc. The lowest compliant bidder based on projected costs of services from prices on lines 1, 3, and 6 would be required to charge those prices for those services.

The appellant in their notice of appeal provided their own calculation of the bid but used line 15 rates rather than line 1 rates indicating that the line 1 rate was the charge to go to the scene but not hooking up either a wrecker or a flatbed. If that were true then either all of the other “non-towing” rates were understated by \$20 or those rates also included the \$20 line 1 rate which would make the line 1 rate meaningless to include. The line 1 description in the bid document clearly indicates the City was asking what the towing rate price would be (“What is the normal charge for the first towing of a vehicle in the City limits?”) and since this is a bid to determine cost to the City (and private party) and Line 1 is indicated in Section 9.5 as the manner in which the City would determine lowest cost it is clear that the City was asking for the typical cost to tow a vehicle and was not asking for the cost to just show up.

After the Procurement Administrator opened and announced the bid prices but before the bids were evaluated the Procurement Administrator contacted G&S Service, Inc. seeking clarification as to whether the Line 1 price (\$20) was correct or if it was to be added to the Line 15 price (\$50). The Procurement Administrator reports that the verbal answer from G&S Service, Inc. to the question, “How much will you charge for towing a vehicle, \$20 or \$70?” The response he received was \$70 and that is what was used in the staff evaluation of the bids. There is no written documentation regarding the conversation. The appeal indicates they are not to be added together.

Secondly, the appellant claims a windfall would be realized by the other two bidders because they would use their flatbed trucks to do their towing which has a higher tow rate while G & S bid the same rate whether a wrecker or a flatbed is utilized. It is my understanding that the Police Department, through its years of experience, determines whether a wrecker or a flatbed is needed and then requests the appropriate tow vehicle.

In conclusion, I recommend that the bids be evaluated on the prices submitted and calculated in the manner as clearly set out in the bid document. As such, the results are as follows:

District	Line	G&S	Crow Tow	
	1	1	\$20.00	\$39.90

1	3	\$ 3.00	\$ 6.00
1	6	\$35.00	\$45.00
2	1	\$20.00	\$39.90
2	3	\$ 3.00	\$ 3.00
2	6	\$35.00	\$45.00

Applying these prices to the bid matrix yields the following results:

<u>G&S District 1</u>	<u>Crow Tow District 1</u>
793 x \$20.00= \$15,860	793 x \$39.90= \$31,640.70
32 x \$3.00 x 793= \$76,128	32 x \$6.00 x 793= \$152,256
50 x \$35.00= \$1,750	50 x \$45.00= \$2,250
3931 x \$20.00= \$78,620	3931 x \$39.90= \$156,846.90
3 x \$3 x 3931= \$35,379	3 x \$6 x 3931= \$70,758
= \$207,737 (low bid)	= \$413,751.60
<u>G&S District 2</u>	<u>Crow Tow District 2</u>
547 x \$20.00= \$10,940	547 x \$39.90= \$21,825.30
32 x \$3.00 x 547= \$52,512	32 x \$6.00 x 547= \$105,024
33 x \$35.00= \$1,155	33 x \$45.00= \$1,485
1872 x \$20.00= \$37,440	1872 x \$39.90= \$74,692.80
3 x \$3 x 1872= \$16,848	3 x \$6 x 1872= \$33,696
= \$118,895 (low bid)	= \$236,723.10

The low compliant bidder is G & S Service, Inc. for Districts 1 and 2 based on a cost of \$326,632 with an applicable wrecker towing charge of \$20 which is to be used in billings to the City and associated private parties.
 Allen McKinley
 Finance Director
 City of Des Moines, IA

Attachment 3

Section 10.0

Impound Towing and Storage Pricing Worksheet

For

District 1 West Bid

Only bids in which the vehicle owner’s cost does not exceed the City’s cost for each and every Line in sections 10 and 11 Pricing Worksheets will be considered for the contract award.

	Cost Topic	Dollar Charge to the City	Dollar Charge to the Vehicle Owner
Line 1	What is the normal charge for the first towing of a vehicle in the City limits?		
Line 2	What is the normal charge for the second towing of a vehicle in the City limits?		
Line 3	What is the normal charge for storing a vehicle outdoors for 24 hours?		
Line 4	What is the normal charge for storing a vehicle indoors for 24 hours?		
Line 5	What is the normal charge for storing a motorcycle for 24 hours?		
Line 6	What will be the hourly charge for clearing the streets of parked vehicles?		
Line 7	What will be the daily charge for storing a vehicle for an extended period of time?		
	What will be the individual cost per vehicle to satisfy the below listed supplemental charges?		
Line 8	Unlocking car doors?		

Line 9	Winching a vehicle?		
Line 10	Unlocking linkage to transmission?		
Line 11	Rehooking?		
Line 12	Dolly usage?		
Line 13	Towing a semi-truck?		
Line 14	Towing a semi-trailer?		
Line 15	Charge for towing vehicle with a wrecker?		
Lines 16	Charge for towing a vehicle with a flatbed?		