

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	February 11, 2013
	<b>Agenda Item No.</b>	<b>63</b>
	<b>Roll Call No.</b>	<b><u>13-0263</u></b>
	<b>Communication No.</b>	<b><u>13-059</u></b>
	<b>Submitted by:</b>	<b>Phillip Delafield, Community Development Director</b>

**AGENDA HEADING:**

Approving Bid for Junk Vehicle Towing, Storage and Disposition Service Contract with G & S Service.

**SYNOPSIS:**

Recommend approval of bid from G & S Service for a contract to furnish junk vehicle towing services to be used by the Neighborhood Inspection Division and authorizing the Procurement Administrator to enter into a contract for a minimum period of one (1) year. Property owners that are found to be in violation of the City Code are given two notices and opportunities to remove the vehicle before the City would tow under this contract. This contract was bid with the option of four (4), 1-year mutually agreed upon extensions. However, concerns that were raised specific to the cost to property owners to recover the vehicles once towed will require additional research. If changes are appropriate, such changes will be incorporated and re-bid as part of a new contract at the end of the first year, rather than authorize extensions.

**FISCAL IMPACT:**

Amount: \$85,760.45 estimated revenue to the City.

Funding Source: Cleanup efforts are funded by Community Development Block Grant funds. Revenue income generated will be shown as program income in Operating Budget, SP020, CDD049900, CDBG2008005, page 16.

**ADDITIONAL INFORMATION:**

The contract is bid to assist the Neighborhood Inspection Division in clean up of the cities neighborhoods. The vehicles that are towed are illegally stored on private property in the city. They are in a condition of disrepair or lack current plates and tags making them illegal to operate on streets and highways.

Property owners are given two notices of violation and opportunities to take care of the violation before staff orders the removal of the vehicle. The process includes a notice sent regular mail to all who have an interest in the real property, including tenants. This 1<sup>st</sup> notice gives the owner fourteen (14) days to remove the vehicle. If the violation remains a second notice is issued by certified mail and regular mail giving notice that if the vehicle is not moved in seven (7) days the city will remove the vehicle and assess the real property for the costs of the abatement. After the vehicle is towed the owner of the vehicles is given an opportunity to pay costs of the removal including tow charges and recover the vehicle.

On May 21, 2007, City Council approved a contract with Swifts Auto Salvage for junk vehicle towing services to support the Neighborhood Inspections Division neighborhood cleanup effort. That contract expired in the spring of 2012.

On April 19, 2012, the City Procurement Division solicited bids for a new contract. Crow Tow came in with the bid that generated the maximum amount of revenue and was fully compliant with the bid requirements.

On June 25, 2012, by Roll Call No. 12-1007, the City Council accepted and approved the award to Crow Tow and authorized the Procurement Department to enter into an agreement.

Swift Auto Parts appealed the award of the bid to Crow Tow. The appeal raised questions regarding disposition of vehicles under the contract. The bid from Crow Tow was based on an understanding the contract allowed the successful vendor to auction vehicles deemed highway worthy. Swift's appeal was based on understanding the department policy of only releasing vehicles for demolition would continue. The Finance Director upheld the acceptance of the bid to Crow Tow.

On July 9, 2012, the City Council, upon advice of the Finance Director, determined the contract was not specific enough to allow a perspective bidder to know in advance how the release of the vehicle would be handled. City Council rescinded Roll Call No. 12-1007 approving the award to Crow Tow, rejecting all bids and referred the matter to the City Manager, Procurement Officer and Legal Department to work on appropriate language for the bid specifications and encourage use of pre-bid meetings.

Staff from the Legal Department, Finance Department and Neighborhood Inspection Division reviewed the bid, state law, state administrative rules, Iowa Department of Transportation rules, Polk County tow contract, and the Des Moines Police Department tow contract. The consensus was that the bid contract, as written, was not clear enough to determine if vehicles would be released only for demolition or with an opportunity for auction. Following a policy review by Neighborhood Inspection Division with the City Manager's Office, it was determined that the bid specifications should be rewritten to clarify the contractor would have the right to determine the disposition of the towed vehicle. The bid specification require compliance with Iowa Code Section 321.89.

On December 4, 2012, the bid was re-let for the Neighborhood Inspection Division vehicle towing and storage contract. On December 13, 2012, a pre-bid meeting was held with all those interested in attending. Questions were taken and reviewed by the Neighborhood Inspection Division, Finance Department, and the Legal Department. On December 28, 2012, response to questions and clarification was sent to those who requested additional information. On January 7, 2013, the bids were accepted.

The Department of Finance, Purchasing Division did an analysis of the bid amounts.

Amount Paid to the City for Authority to Dispose of Vehicle:

Crow Tow, \$191.00; Dales Towing (Swift), \$232.00; G & S Services, \$279.35

Towing Charge to the Owner of a Vehicle:

Crow Tow, \$65.00; Dales Towing (Swift), \$65.00; G & S Services, \$125.00

Daily Storage Charge to Owner of a Vehicle:

Crow Tow, \$15.00; Dales Towing (Swift), \$15.00; G & S Services, \$25.00

Towing Charge to City:

Crow Tow, \$30.00; Dales Towing (Swift), \$45.00; G & S Services, \$65.00

Storage Charge to City:

Crow Tow, \$5.00; Dales Towing (Swift), \$8.00; G & S Services, \$13.00

Moving Charge to City Per Hour:

Crow Tow, \$45.00; Dales Towing (Swift), \$55.00; G & S Services, \$75.00

G & S Services submitted a complete bid with one question of clarification. G & S pays the City the most for vehicles transferred to them. Citizens will be charged more for the towing and storage. The City would also pay more under a contract with G & S for towing and storage of vehicles that need to be retained for criminal investigation. This process was initiated by the Des Moines Police Department as part of their case investigations. G & S will charge the City more for vehicles moved to access a junk vehicle that must be towed from the property. This happens infrequently and staff believes it will not adversely affect the overall gain to the City under the bid.

On January 28, 2013, staff recommended the Neighborhood Inspection Division towing contract be awarded to G & S Services. Questions were raised regarding the towing charge passed to the owner of vehicle should they wish to secure the vehicle from the tow contractor. G & S Services, Inc. came in the highest on the tow charge at \$125.00. The other bids were \$65.00 for towing. G & S Services, Inc. explained, at the hearing on January 28, 2013, that the increase is based on the difficulty with some towing jobs that include back yards, cars with flat tires and other unique situations.

Council continued the item to the February 11, 2013 meeting agenda.

The costs passed onto the vehicles owner and the City for towing and storage were not included in the consideration for acceptance of a bid. If other criteria should be considered for acceptance of a bid the bid package specifications would need to be redrafted to include additional criteria for evaluation.

Staff has done some research and finds there is no national standard for towing charges. They are established at a local level based on needs and expectations of the communities. For example, the Des Moines Police Department breaks out certain activities for each bid. To obtain a release of the vehicle all services performed specifically regarding the tow of the vehicle are passed on to the owner.

It would take staff a significant amount of time to break out specific charges that may occur on various jobs and have the activity be a line item in the bid specification. For example if tires need to be inflated the bid would ask for the price of inflation per tire or the amount of time involved in moving a vehicle out of the way so a junk vehicle can be towed. This would require the current bid be rejected and the specifications be redrafted.

The department has been without a contract since April of 2012. We are currently under a month-to-month extension of the expired contract.

Staff recommends awarding the contract to G & S Services, Inc. with direction to staff to take the time to draft bid specifications with more specificity as to each charge that could occur on a job site. This contract would run for a year to allow staff adequate time to create the new specifications. If it is determined that this method would more accurately reflect towing costs to be paid by the vehicle owner to obtain release of the vehicle a new bid could be let at the end of a year.

**PREVIOUS COUNCIL ACTION(S):**

Date: January 28, 2013

Roll Call Number: [13-0168](#)

Action: [Bid](#) from G & S Service, Inc. for an annual contract with four additional one-year renewal options to furnish towing, storage and disposition services of junk vehicles for use by the Neighborhood Inspection Division, annual estimated revenue \$85,760.45. (Four bids mailed, three received). ([Council Communication No. 13-033](#)). Moved by Griess to continue to the February 11, 2013 Council meeting. Motion Carried 7-0.

Date: July 9, 2012

Roll Call Number: [12-1120](#)

Action: [ALTERNATE RESOLUTION](#): Reversing the decision. Moved by Hensley to adopt; refer to the City Manager and Legal Department to work with the Procurement Officer on appropriate language for the bid specifications, and to encourage use of Pre-Bid Meetings. Motion Carried 6-1. Absent: Meyer.

Date: June 25, 2012

Roll Call Number: [12-1007](#)

Action: [Bid](#) from Crow Tow (Randy Crow, President) for an annual contract with four (4) additional one-year renewal options to furnish junk vehicle towing services for the Neighborhood Inspection Division, annual estimate \$221,600. (Ten bids mailed, three received). ([Council Communication No. 12-331](#)). Moved by Griess to adopt. Motion Carried 6-1. Nays Moore.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Staff will monitor the implementation of the contract terms and draft bid specifications with more specificity as to each charge that could occur on a job site to be submitted for bid at the end of one year.

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