

4-19-11  
Vern Geiger

Honorable Councilpersons:

Here are some questions to ponder as the future of the Towing operations is being reviewed.

1. In the April 18, 2011 meeting with the City Manager, we were told by Erik Sund that the FY 10 Budget Adoption in September 2009 was the authorization for the Towing RFP process. It took us a while but we found mention that the process was being looked at within the FY 10 Adopted Budget; "...the City will pursue alternate service delivery models for towing, yard management, and lien sales in FY 10." Then we found a Budget Message entry in the City Manager's Budget Message for Fiscal Year 2011 indicating that an RFP had been released to the public; it reads: "To help the Towing operation explore additional ways to maximize its service delivery and revenue generating opportunities, a Request for Proposals for the Towing operation was released seeking various models from the private sector that the City can evaluate in FY 11." (pg. CM21) So between 2010 budget message, and the 2011 budget message, there was no Council knowledge or approval to go to the RFP process; it just became a budget item. **How is this fair and equal, and is this the approved method for Council approval of contracting-out RFPs?**
2. We listened to the presentation made by council three weeks ago for Street Sweeping. We heard council's wishes to carefully analyze operations and allow employees to implement efficiencies prior to approving an RFP process. In 2003, City Manager Jerry Miller developed a Three-Year Financial Strategic Plan for healing the budget through community and employee input. His Contracting-Out Evaluation Process is an excellent example of fairness for the process. The essence of this process is currently being conducted at Street Sweeping thanks to Council's fairness. **Why hasn't this process been used at Towing?**
3. Towing is a self-sustained enterprise fund. Not only is it self supporting, other departments receive support through transferred administration fees for each tow performed. And, according to Erik Sund, it is the *only* enterprise fund under the threat of contracting out. **Why would the City even consider contraction a self-supporting operation that is a viable contributor to the General Fund?**
4. We were told that representatives would be contacting Towing employees to ask about ideas for efficiencies. It has been 7 weeks since the RFP was closed on February 28<sup>th</sup>, and Prop L data was requested. There has been no word on the Prop L process. **How will this information be integrated into the RFP analysis, which we were told would be completed in 60 to 90 days?**

5. In our meeting with the City Manager, we were told that the budget cost savings, and budget revenue generating ideas that we submitted during the RFP process, were not approved because they (Financial Management) did not want to invest in an operation that may be contracted out. We were also told that they would not implement cost savings changes, so that there would be an apples to apples comparison. **Since this RFP process has been going on for over a year, without the approval of all cost efficiency recommendations to date, how is this RFP process a fair and best practices procedure?**
6. We were told that the City Auditor would be performing the Prop L review, no matter what their budget availability. Yet, during the Council meeting, two weeks ago, the City Auditor said there was no budget to perform a Prop L for Street Sweeping. **Where is the budget coming from to perform a Prop L on towing; how can the City Auditor perform a proper analysis without the available staff or contract budget?**
7. Since this process has been so protracted, we were told that up-to-date information would be used for the Prop L study, and provided to the vendors to validate their proposals. We feel that this is necessary to make a true analysis and should be verified before any action is taken. **Who will make sure this happens?**
8. We were told that a person or persons with direct Towing experience were on the RFP review panel. **What is "direct" Towing experience; somebody that has looked at our books, or somebody who has had years of actually hands on experience? Since the only people in the City with extensive knowledge of the industry both in the field and in the office work at Towing, where and who was the expert advice coming from?**
9. There obviously have been many work hours and staff resources used during this process, as well as cost to come (Prop L). **How much of the City budget has been and will be used to continue with this process, at a time when our budget is suffering so?**

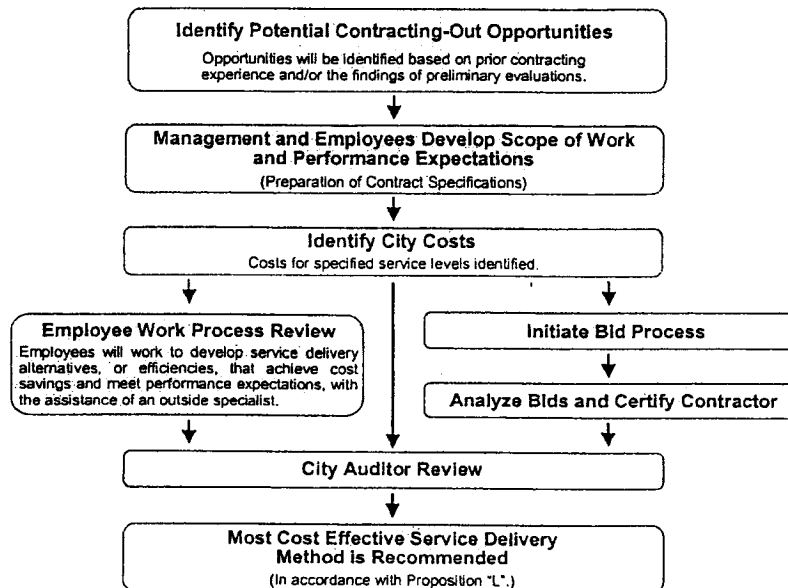


**Budget Workshop  
City Council Presentation  
FY 04 Proposed Budget**

# **Public Outreach Efforts**

**Gerald R. Miller, City Manager  
September 2, 2003**

## **Contracting-Out Evaluation Process**



**Sec. 1806. - CONTRACTS FOR WORK USUALLY PERFORMED BY CITY EMPLOYEES.**

Notwithstanding any provisions of this Charter respecting the employment or use of employees of the City, the City Council or any Commission, when acting with regard to matters within their authority and jurisdiction, may approve and authorize contracts with private contractors for the performance of work or services usually performed by employees of the City, provided:

(a)

The Council determines by ordinance, adopted by a vote of two-thirds (2/3) of its members or by resolution adopted by a vote of four-fifths (4/5) of the members of any Commission, and supported by findings expressed therein, that the work or services to be contracted for can be performed by a private contractor as efficiently, effectively and at an estimated lower cost to the City than if said work or services were performed by employees of the City; and

(b)

In addition to the determinations regarding efficiency, effectiveness and estimated lower cost, said ordinance or resolution shall declare that the Council or Commission has considered all other relevant factors and has determined that the performance of said work or services by a private contractor will not be detrimental or adverse to the best interests of the citizens of the City; and

(c)

No such contract shall be entered into for the performance of work or services which the provisions of this Charter or other applicable law provide are to be performed by specified officers or employees of the City, or for work or services, usually performed by the City's police officers and firefighters; and

(d)

All contracts for work or services authorized to be performed by a private contractor pursuant to this Section shall be subject to and in accordance with the provisions of this Charter or other applicable State and Federal law relating to contracting.

Paris Gilder spoke.

Regina Savage spoke.

Tommy Azunian, Athens Services, spoke.

Sandra Findley spoke.

Councilmember DeLong spoke.

**A second substitute motion was made by Councilmember Johnson, seconded by Vice Mayor Lowenthal, to request that management: [1] begin evaluation of street sweeping operations, and request that management allow employees to participate in the evaluation in order to find efficiencies in all operational areas; [2] mandate that potential contractors be required to provide health insurance for employees; [3] issue a street sweeping Request for Information (RFI) rather than issue a Request for Proposal (RFP) on the same; and [4] return and present its report to the Mayor and City Council prior to conducting any Proposition L analysis. The motion failed by the following vote:**

**Yes:** 3 - Lowenthal, DeLong and Johnson

**No:** 5 - Garcia, O'Donnell, Schipske, Andrews and Gabelich

**Absent:** 1 - Neal

**A substitute motion was made by Councilmember Garcia, seconded by Councilwoman Schipske, to direct the City Manager to work with employees and to conduct a review of street sweeping operations and report back to City Council. The motion carried by the following vote:**

**Yes:** 8 - Garcia, Lowenthal, DeLong, O'Donnell, Schipske, Andrews, Johnson and Gabelich

**Absent:** 1 - Neal

Mayor Foster spoke.

#### **REGULAR AGENDA (7:36 PM)**

see media

20. 11-0321

Recommendation to request City Manager to work with the Arts Council for Long Beach to determine the costs and appropriate steps for creating a Long Beach Public Art Smartphone Application, "See Long Beach," and report back to City Council within 30 days with a recommendation.

# Towing and Lien Sales Operation

- The City took over the Towing and Lien Sales contractor operation in January 1983 to support the City's Police Patrol, Parking Control and general City operations
- The City has the only municipal tow and lien operation west of the Mississippi
- Numerous municipalities are currently researching our operation to find out how to initiate similar successful programs for their own jurisdictions



# Towing and Lien Sales Operation

The City's towing operation provides a wide variety of services to all City Departments and the general public:

- PD tow services with a 93% response rate of less than 30 minutes,
  - ✓ DUI check points,
  - ✓ City Special Events (LB Marathon, LB Grand Prix, etc.)
- Parking Enforcement services keep streets clear and safe
- Safe and secure storage of citizen's vehicles
- Weekly Vehicle and Property Lien Sales auction services
- Secure Police Evidence Storage and chain of evidence custody
- After-hours tire replacement services for all City departments
- 24/7 unlocking and jump start services for all City vehicles



# Towing and Lien Sales Performance

- While FY 09 resulted in a reduction in tows requested and a difficult used car sales market, the Division has responded by increasing efficiency and reducing costs to hold profitability margins
- The Division provides an annual average net positive fund balance contribution of \$2.5 million for transfer to the General Fund

	<u>Total Revenue</u>	<u>Bond Payment</u>	<u>GP Transfer</u>	<u>Tows</u>
FY 06	\$7,929,114	\$1,169,338	\$2,878,172	21,604
FY 07	\$8,228,779	\$1,167,520	\$2,943,720	21,096
FY 08	\$8,865,295	\$1,162,142	\$3,411,739	20,176
FY 09	\$8,524,873	\$1,161,393	\$1,358,680	19,605
FY 10 (proj)	\$9,376,997	\$1,156,439	\$3,476,041	20,100



# Towing and Lien Sales Performance

- Effective enforcement and implementation of policies and procedures have resulted in positive results in FY 09
  - Contract tow services were reduced by 38%
  - Overtime expenses were reduced by 12%
  - Average Lot inventory was reduced by 10%
  - Average vehicle sale price increased 3.9%



# Towing and Lien Sales Efficiencies

- Vehicle Title Surrender Program
- Legal Owner Outreach
- Vehicle Title Transfer
- Dismantler Lien Processing
- Deficiency Collection Program
- Ticket Payments at Towing Facility
- Improved technology & security features
- Lot reorganization & re-striping
- Wheel Booting Program
- ALPR readers

# Towing and Lien Sales Collections

- **Uncollected towing and storage fees:**
  - FY 08: \$9.1 million
  - FY 09: \$7.8 million
- **RFP for Collection Services**
  - Vendor (MRS Associates) selected by committee
  - 4%-5% collection
  - 15% contingency
  - Proceeding on a go-forward basis
  - City Council consideration in early 2010

- Entertainment B7
- Television B8

# local no

## City cancels towing contract, will tow c

By Bob Houser

Staff Writer

Long Beach will start its own service for police-connected towing on Jan. 1.

Bill Sims, 43, the city's contract operator for six years, says the city's plan "is a joke" but "I'm the most relieved person in the world."

In his first public rebuttal to city allegations of poor service, Sims blasted "zero" Police Department leadership as the cause of what he regards as a one-sided and unfair dialogue against his towing service at 3111 E. Willow St.

"I'm not unhappy that I did their business," said Sims. "I made enough money to retire and I'm going to retire as soon as I clear this lot out — probably the first of May."

He said his son, James, will take over the business, reduced by about 80 percent due to termination of the city contract.

Sims said he grossed probably about \$5 million from the contract over six years. He estimates the city netted more than \$600,000 from him in that period.

The city's complaints against Sims or "any other such private vendor" include slow response time to accident scenes, lost or missing personal property left in vehicles, unacceptable cleanup of debris at accident scenes, private vehicles improperly towed, and the vendor's refusal to accept checks or credit cards.

Sims asserted that "probably 50 percent of all automobiles stored in this city are illegal storages ... because Long Beach police officers, with one or two exceptions, do not file field reports authorizing storage and do not take inventories (of wrecked vehicle contents)."

He said impound storage reports, required by state law, are routinely filed by his other clients, the California Highway Patrol, Long Beach campus police and the federal government. But Long Beach police, he said, do not provide such reports.

"And that just leaves me wide open," he said. "When there's a complaint, I'm the one who gets sued."

Assistant City Attorney John Calhoun said he is not aware of any such requirement in the state Vehicle Code, adding, "I'd appreciate knowing the section referred to."

Deputy Police Chief William Stovall denied Sims' claim about illegal auto storage and said that Long Beach police choose to use a form other than the CHP form for vehicle inventory, "but we are not in violation of state law."

Asked about the missing property complaints, Sims said, "I am not a thief. Unfortunately, I've had thieves working for me and I terminate them. And I've called police units here to arrest employees for thievery because I won't tolerate it."

He said he made a \$400 restitution last week for a stereo stolen from a stored vehicle.

"Although I have to 'eat' the theft allegations," Sims said, "if you contacted the proper people (in the city attorney's office) you'd find that about 85 percent of the complaints are false."

"Most of the guys who file those complaints are criminals or people who were arrested for a crime. As soon as they get out of jail they start complaining. And the missing items are usually found in the Police



**BILL SIMS** has few regrets about his six years as city's towing operator. "I made

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CONTINUED/B3, Col. 1

# City to tow its own line

FROM/B1

Department's property locker or evidence locker.

"But they never clarify that and it just stands as a theft complaint against us."

City Attorney Robert Parkin disputed Sims' estimates on false complaints. And he noted that most impounds are not associated with criminal arrests.

Parkin acknowledged that "it's happened," that an impound is made without proper notification of the registered owner but "considering the number of impounded vehicles, I'd say the number of such cases is very small."

Long Beach's General Services Department has set forth a plan for taking over Police Department towing requirements, calling for an investment of \$1,138,444.

It forecasts a first-year gross return of \$34,156 and a second-year gross return of \$567,090.

The takeover was authorized by the City Council last May. The city has purchased some towing equipment and is past the midpoint in construction of a \$288,000 towing and storage yard at 1601 San Francisco Ave.

The city's feasibility study, said Sims, "is a complete joke. They claim they're going to net half a million dollars after the first year. There's no way. They didn't even figure in the cost of fuel; they're going to pay tow truck drivers more than policemen and they're going to have a supervisor making almost \$50,000 a year."

Gary Voigt, director of General Services, said that although some speculation was necessary in the study, he feels it is "very credible" and that he would stand by its projections.

The supervisor, Voigt said, will be paid at the rank of the city's classification for "garage supervisor," an annual salary that is closer to \$25,000 plus fringe benefits, bringing it to \$36,124.

Voigt said the cost of fuel is built in to the study's "garage service charge" category and "is included."

Accused in official police studies and by others in city government of slow response time, Sims said one police lieutenant "out to get me, had field officers file complaints on response time — nine of them in one week.

"A command officer investigated and found out through checking taped calls at the city's Communications Center that the center forgot to call us on those cases. It was their fault."

Those tapes and his own logs, Sims said, will show that "we dispatch our trucks within one minute of a call in 95 percent of the cases."

Chief Stovall would not comment on Sims' reference to someone "out to get" him, but he reaffirmed the department's experience with slow response time.

"Sims is going to say anything," Stovall said, "but the fact is he was a problem."

Also charged with sometimes failing to clean up accident debris, Sims said those complaints usually involve an accident in which his trucks were not called.

"The drivers (involved in the accident) may have called a private towing service or may have merely exchanged names and driven away," he said. "We are responsible for clean-up only at accidents we cover."

Asked if he would own up to any guilt in connection with various charges, Sims said, "If they put it in writing, I'll answer every one and I can put it in specifics."

But communication, according to Sims, has been almost non-existent.

When the city's General Services Department made its investigation and report to the City Council on recommendations for a city-run tow service, Sims said, "I was never contacted at any time."

While the city was mulling the matter of setting up its own service, Sims signed a nine-month extension to his five-year contract.

"That's really ironic," he said. "I sign the extension and the next thing I know there's this newspaper article saying we're not doing our job."

Police Chief Charles B. Ussery reported to the City Council this month that there are several unlicensed tow service operators in the city, that there is no city inspection of tow services, that city fees for tow services are inadequate and that some companies do not know what laws govern their operations.

Ussery recommended remedial action through amendment of applicable ordinances.