



## Request for City Council Committee Action From the Department of Public Works and Procurement

**Date:** August 26, 2008  
**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee  
**Referral:** Honorable Paul Ostrow, Chair Ways & Means Committee  
**Subject:** **Approval of Official Publication No. 7009 – Bid for Public Impound Towing**

**Recommendation:**

Acceptance of the low responsive bidders as indicated below for an total estimated expenditure of \$2,526,471 to furnish and deliver towing of vehicles from public or private property for Tow Districts A and B, Tow Zones 1-6, towing outside the city limits as follows:

Wrecker Services Inc.	District A & Zone 3	Price per tow	\$40.00
Rapid Recovery Inc.	District B & Zone 5	Price per tow	\$66.24
Schmit Towing Inc.	Zone 1	Price per tow	\$115.00
Twin City Transport Inc.	Zone 2	Price per tow	\$134.00
Chiefs Towing Inc.	Zone 4	Price per tow	\$134.90
Chiefs Towing Inc.	Zone 6	Price per tow	\$144.00
Wrecker Services Inc.	Per mile outside City limits	\$ 2.25	

The Public Works Department recommends:

- Effective October 1, 2008 upon the start date of the new tow contracts with contracts ending on September 30, 2010
- The sole option of the City to extend the contracts up to two times for a two year period from October 1, 2010 through September 30, 2012 and again from October 1, 2012 through September 30, 2014.
- Further recommend proper City Officers be authorized and directed to execute a contract for this service all in accordance with our specifications.

**Previous Directives:**

- August 12, 2003 TP& W and W&M/Budget recommended that proper City officials be authorized to execute contracts for impound towing services for District A and B, Zones 3-6.
- September 26, 2003 TP& W and W&M/Budget recommended that proper City officials be authorized to execute contracts for impound towing services for zone 1-2.

**Prepared by:** Mike Sachi, David Ybarra, Jon Wertjes

**Approved by:** \_\_\_\_\_  
Gary Warnberg., Director, Procurement

\_\_\_\_\_  
Steven A. Kotke, P.E., City Engineer, Director of Public Works

**Presenters:** Michael W Sachi, P.E., Project Engineer, Parking Facilities

**Reviews**

Permanent Review Committee (PRC):	Approval	NA	Date
Civil Rights Affirmative Action Plan	Approval	NA	Date
Policy Review Group (PRG):	Approval	NA	Date

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Business Plan:  Action is within the plan.  Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

**Community Impact**

Neighborhood Notification: Not Applicable  
City Goals: A Safe Place to Call Home, Enriched Environment, Connected Communities, A Premier Destination  
Comprehensive Plan: Not Applicable  
Zoning Code: Not Applicable

**Background/Supporting Information**

The City of Minneapolis has solicited bids for towing of vehicles for Public Works, Regulatory Services, and Police-related activities. The previous contract expires on September 30, 2008. Bids were issued on July 11, 2008 and a pre-bid meeting was conducted with interested parties on July 17, 2008, with the bid opening held on July 24, 2008. Tabulation of ten (10) bids was received on Official Publication No. 7009 for Public Impound Towing for Public Works Traffic and Parking Services, and is attached.

**Bidder Qualifications**

The Official Publication No. 7009 bid specifications cite the necessary qualifications and process for submitting a bid. The five key aspects of the bid qualifications included:

- A. Experience – Bidders were required to provide information on eight items describing their towing experience and ability to perform services.
- B. Owner and Principal Background Checks – Bidders were required to provide owner, principals, partners and corporate directors, if any, such that proper Police background checks could be performed.
- C. SUBP Participation Form
- D. Living Wage Certificate
- E. Completed Bid Form

**Non-Qualified Bidders**

City Procurement and Public Works staff thoroughly reviewed and conducted due diligence on the bid proposals according to the specifications. Based on the specifications two bidders failed to meet the qualifications as follows:

- Bidder #3—Bobby & Steve's – did not submit the required experience information for items 1, 2, 4, 5, 6 and 7.
- Bidder #4—Shorty's Heavy Duty – did not submit the required experience information for items 1, 2, 4, 5, 6 and 7.

Therefore, City staff has disqualified these two bidders.

Minneapolis Police Department has performed principal/owner background checks on the remaining seven bids and all have been approved. The Civil Rights Department reviewed the SUBP information and has deemed it acceptable for the vendors being recommended for award.

Staff contacted references for companies that were not currently working under existing City contract, or that were anticipated to be assuming a larger role under the new contract. A check of these references indicated that the companies were providing acceptable levels of service and complying with the terms of the various other contracts. Staff also contacted Regulatory Services to determine if they had identified any issues with potential tow companies for this contract. No issues were identified by Regulatory Services.

Thus, City staff has determined that the remaining seven bids were complete and deemed acceptable and qualified bids.

### **Qualified Bidders**

The City of Minneapolis maintains two (2) towing districts within the City separating the North and South half towing activity for reasons related to police activity, accidents and parking violations. Those districts are identified as District A and District B (see attached map).

The City also maintains six (6) tow zones for towing vehicles during periods of snow emergency and street sweep operations. Those zones are identified as Zones 1 through 6 (see attached map).

The specifications required that the:

- District A tow contractor is required to perform towing services in Zone 3 with the District A bid price applying to Zone 3. Wrecker Services, Inc. was the lowest qualified bidder for District A (and consequently Zone 3) at \$40 per tow (26% less than current price).
- District B tow contractor is required to perform towing services in Zone 5, with the District B bid price applying to Zone 5. Rapid Recovery, Inc. was the lowest qualified bidder for District B (and consequently Zone 5) at \$66.24 per tow (2% higher than current price).

Based on the above District bids, the Zone bids are awarded to the lowest qualified bidders, with the bid requirement that no vendors can be awarded more than two Zones. The bid specifications do not require a bidder to take two zones, if they happen to be the lowest bidder in more than one zone.

Wrecker Services submitted the apparent lowest bids in all four remaining Zones. City staff then contacted Wrecker Services and they responded on August 1, 2008 to decline the other zones if awarded the District A / Zone 3 bid (see the attached letter). Schmit Towing, who was the next lowest qualified bidder for Zone 2, also declined to accept the award for Zone 2 work. (see the attached letter). Thus, City staff has reviewed the remaining lowest Zone bids meeting the specifications, with the removal of Wrecker Services' bid for the additional zones and Schmit Towing's bid for Zone 2, and recommends the remaining four Zones to be awarded as follows:

- Zone 1: Schmit Towing, Inc. - \$115.00 per tow (9% lower than current price)
- Zone 2: Twin City Transport, Inc. - \$134.00 per tow (14% lower than current price)
- Zone 4: Chief's Towing, Inc.- \$134.90 per tow (55 cents or 0% higher than current price)

- Zone 6: Chief's Towing, Inc. - \$144.00 per tow (2% higher than current price)

Towing Services for vehicles outside City limits is recommended to be awarded to the lowest District bid awarded, which was Wrecker Services, Inc. at \$2.25 per mile.

### **Vendor Correspondence Questions**

The City has received four emails from tow vendors: two from Sue Schmit from Schmit Towing, one from Lisa Rose of Wrecker Services, and one from Peter Hames and Lori Green of Corgan Transport. These emails raise concerns, issues and questions which are summarized below followed by a brief city staff response in italic.

- Were all the bidders thoroughly examined (quantity and quality of due diligence) according to the specifications including SUBP, background checks, bid form, etc and did they meet the requirements. – *Yes. Procurement and Public Works staffs have conducted extensive due diligence. As described above, the City staff due diligence resulted in three bidders being disqualified and the remaining seven meeting the requirements.*
- Are the bid prices responsible and reasonable? -- *Yes, based upon the qualified bidders identified above, the bid prices range from 2% above to 26% below when compared to the former bid prices for the districts and zones. District A and Zones 1 and 2 are below former prices and District B and Zones 4 and 6 are at or slightly above the former prices. Also, 3 of the 4 Zone bids by the current vendors of that zone bid less than what they are being paid now.*
- Ability to perform work and priority given other towing business in the region? *The City's bid specifications require and expect all vendors to fulfill the contract requirements. Contract performance infractions and fines along with cancellation thresholds are included and will be managed to ensure complete compliance. In addition, all contracted vendors will be required to maintain a \$100,000 performance bond.*
- Potential Private Property Towing pricing versus City Public Tow pricing -- *Private property towing is a different business model and effort than public towing. For example, private property towing requires the vendor to have a towing yard and other infrastructure to store the vehicles. For public towing this is not the case. Likewise, private towing has a sporadic and limited volume, where the public towing volume is more consistent and at a much higher volume. Therefore, drawing a direct pricing comparison between public and private towing is not appropriate.*

### **Contract Term**

The initial contract term will begin on October 1, 2008 and continue until September 30, 2010, and also includes options for two additional 2 year options for a possible total of 6 years duration. The contract includes clauses for increases in the bid prices every two years based upon changes in the Consumer Price Index.

Lastly, Public Works recommends no increases in existing towing (\$138 per tow) and storage fees (\$18 per day) to customers are anticipated at this time based on the bids received.

Attachments:

- Tabulation Sheet
- District Map
- Zone Map
- Letter from Wreckers Service
- Letter from Schmit Towing

cc: Public Works -- Don Pedlar, Steve Hengel, Ronnie Toledo





"BIDS FOR PUBLIC IMPOUND TOWING" - P/W Transportation

	Official Publication #7009 Bids opened 10 AM, CDST July 24, 2008 Minneapolis MN		Rapid Recovery Inc.	Corigan Transport Inc.						
1	Option 1: Impound Tows									
	District A									
	Priority	\$/ea	50.00	61.17						
	District B									
	Priority	\$/ea	1	2						
	Zone 1									
	Priority	\$/ea	275.00	140.00						
	Zone 2									
	Priority	\$/ea	275.00	157.50						
	Zone 4									
	Priority	\$/ea	275.00	136.00						
	Zone 6									
	Priority	\$/ea	275.00	145.00						
	Option 2: Partial Zone Tows									
2	Zone 1									
	Number of Trucks	\$/ea	N/A	—						
	Priority									
	Zone 2									
	Number of Trucks	\$/ea								
	Priority									

"BIDS FOR PUBLIC IMPOUND TOWING" - PAW Transportation

Official Publication #7009  
 Bids\*Opened 10 AM, CDST  
 July 24, 2008  
 Minneapolis, MN

9

10

Option 2 - continued

Zone 4  
 S/ea

N/A

Number of Trucks

Priority

Zone 6

S/ea

Number of Trucks

Priority

Price for towing outside of City  
 Limits per mile \$

4.00

1.87

We, the undersigned, hereby certify that the above bids were publicly opened and read aloud:

*P. O'Brien*

FOR THE: FINANCE OFFICER

*Wm. C. Baker Jr*

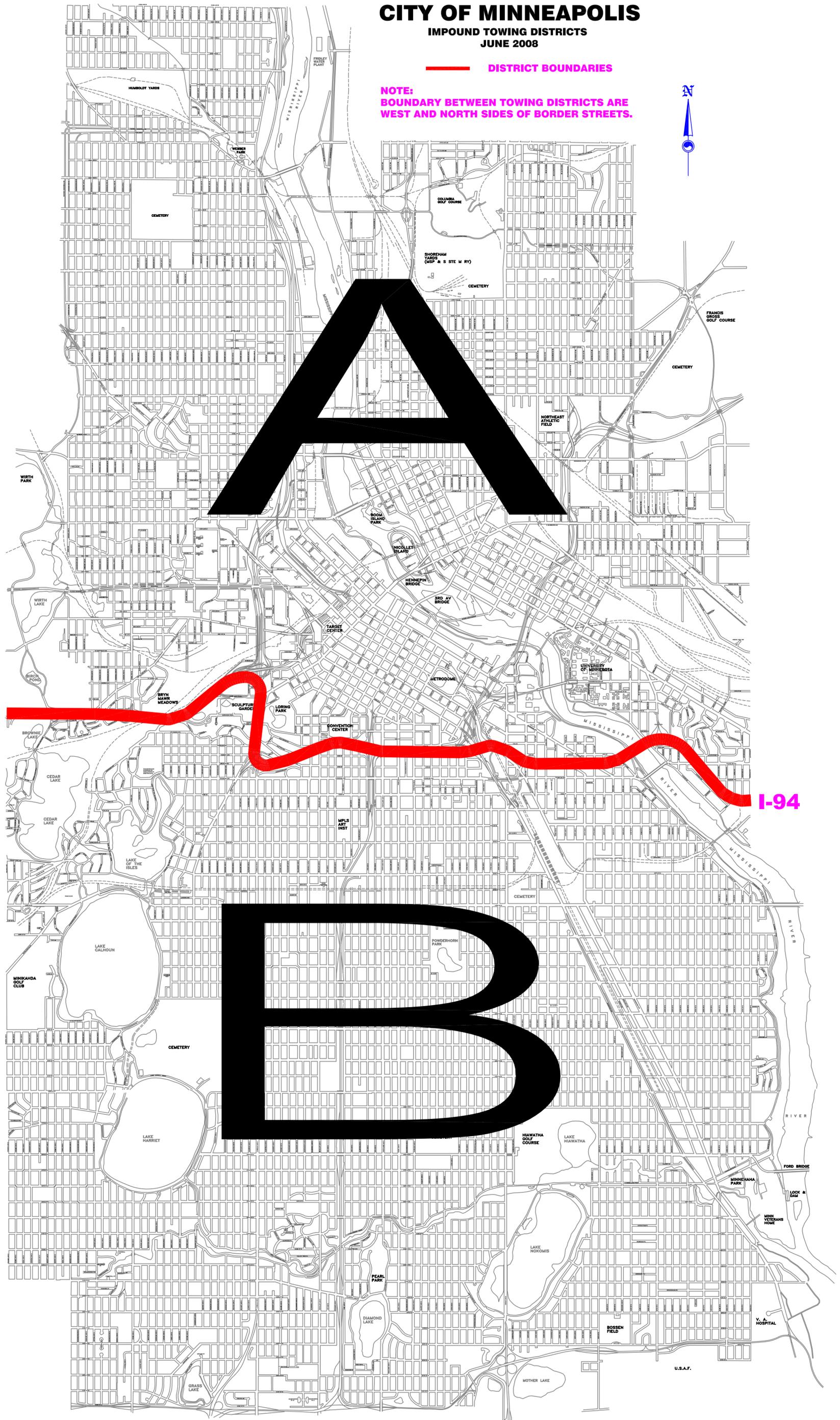
ASST. DIRECTOR, PURCHASING

# CITY OF MINNEAPOLIS

IMPOUND TOWING DISTRICTS  
JUNE 2008

 DISTRICT BOUNDARIES

**NOTE:**  
BOUNDARY BETWEEN TOWING DISTRICTS ARE  
WEST AND NORTH SIDES OF BORDER STREETS.



I-394

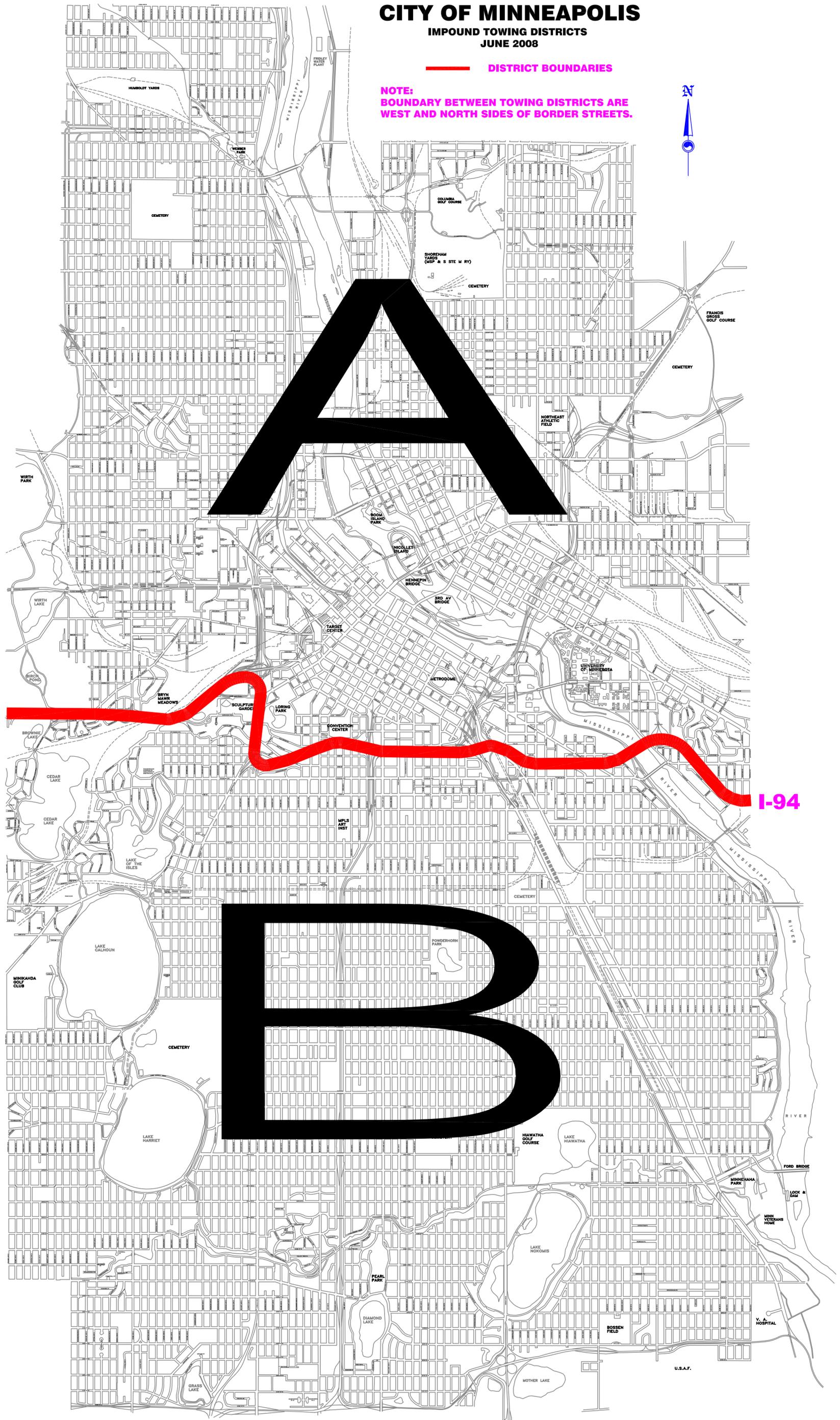
I-94

# CITY OF MINNEAPOLIS

IMPOUND TOWING DISTRICTS  
JUNE 2008

 DISTRICT BOUNDARIES

**NOTE:**  
BOUNDARY BETWEEN TOWING DISTRICTS ARE  
WEST AND NORTH SIDES OF BORDER STREETS.



I-394

I-94

**Wrecker  
Services  
Inc.**

[www.wreckerservices.com](http://www.wreckerservices.com)

**SPECIALIZING IN:**  
HEAVY DUTY TOWING  
UNAUTHORIZED VEHICLES TOWED  
FLATBEDS  
WHEEL LIFTS  
LOCK-OUTS  
JUMP STARTS  
SNOW BLOWING  
PARKING LOT MAINTENANCE  
TRACTOR TRAILER SERVICE

August 1, 2008

Mr. Steve Hengel  
City of Minneapolis  
Sent via fax 612-673-2898

RE: City of Minneapolis Towing Contracts

Dear Mr. Hengel:

In regards to the City of Minneapolis Impound Towing Contract, in the event that Wrecker Services Inc., is awarded District A and Zone 3, which comes with District A, as per the bids, we would elect to decline taking on Zone 4 or any additional Zone work, for this contract.

If you need any other information, please feel free to contact me.

Sincerely,



Lisa A. Rose  
Vice President  
Wrecker Services Inc

# SCHMIT TOWING, INC.

92 – 43<sup>rd</sup> Avenue NE  
Minneapolis, MN 55421  
(763)253-1568 • (763)253-1569 FAX  
1-800-334-4332

August 25, 2008

City of Minneapolis  
Transportation and Parking Services - Mike Sachi  
Procurement - David Ybarra

Dear Mr. Sachi & Mr. Ybarra,

In regards to Official Publication 7009, Bid for Public Impound Towing, we understand that the recommendation is for Schmit Towing, Inc. to have Zones 1 and 2 for street cleaning and snow emergency. When we bid on this contract, we were instructed to prioritize our bid in order of 1,2,3. We bid District A as 1<sup>st</sup> choice, Zone 1 as 2<sup>nd</sup> choice and Zone 2 as 3<sup>rd</sup> choice. This was not meant for bidding on more than one zone but to place in order which we were bidding on per the bid specs. When the first recommendation came out we were recommended for Zone 1 and then later that day it was changed to both Zones 1 and 2. We have carefully considered whether or not to take both zones and have come to the conclusion that we will have to decline Zone 2. This is due to the fact that it is too difficult to acquire and retain enough qualified sub contractors that can meet the stringent new requirements laid out in the contract such as CJIS, insurance, bonds, etc. for the uncertainty of snow that may or may not come. It is also not a good business decision to keep and maintain vehicles that may or may not get used. As we are also very concerned with complying with the city requirements for trucks etc., we do not want to take a chance on failure. Please consider this our written notice that we are declining Zone 2.

Thank you.

Sincerely,



Steve and Sue Schmit/Schmit Towing, Inc.

cc. Ben Skjold / Skjold Barthel, P.A.

