



Corporate NO: R269

Report COUNCIL DATE: January 8, 2001

REGULAR COUNCIL

TO: Mayor & Council **DATE: January 2, 2001**

FROM: General Manager, Engineering **FILE: 0664-005**

SUBJECT: City of Surrey Towing Services

RECOMMENDATION

That Council approve the City of Surrey's towing services contract award to Unitow Services Ltd. on a per annum basis for the period from February 1, 2001 to January 31, 2006.

INTENT

The intent of this report is to inform Council of the results of the City's request for proposals for towing services and seek authority to use the services of the successful proponent.

BACKGROUND

The City is presently engaged in a formal contractual arrangement with Unitow Services, Limited. This five-year contract, which was initiated January 1, 1996, will expire on January 31, 2001.

The requirements for this service include the towing and storing of abandoned or illegally parked vehicles as well as the towing of vehicles involved in motor vehicle accidents, all as directed by the Surrey RCMP and the By-law and Licensing Section. The Contractor acts on behalf of the City as the sole provider of the service for the term of the contract. In exchange for this opportunity, the City derives a source of revenue from the Contractor.

The level of service that has been provided by Unitow over the past five years is considered to be acceptable with a relatively low customer complaint ratio.

DISCUSSION

Engineering Request for Proposal Process

In anticipation of the expiration of the current contract, Engineering staff recently issued a request for proposals from towing companies to meet the City's tow service requirements.

The essence of our provisions for this service for the next five years are mostly reflective of our previous requirements, with a few minor amendments reflected for enhanced operations and service. The more significant change is related to exploring an increase in compensation for the City in the order of \$20,000 per month which is about 50% more than our current arrangement. Proponents of this RFP were provided the option of reflecting a compensation offer to the City using the specified amount as a reference, or an alternative offer. In addition, at the sole discretion of the City, this arrangement may be extended for an additional 5-year term based on, but not limited to, the favourable performance of the successful proponent.

City's Compensation Approach

The City's proposal related to its towing services, which also incorporates ICBC's towing requirements within Surrey, represents a significant business opportunity. Guided by this principle, the City has sought an increase in our compensation level. The purpose of this fee is to provide full recovery of all of the City's costs related to the administration and processing of this contract as well as to contribute to the City's road safety improvement initiatives.

Proposal Submissions

Proposals were submitted by three local towing service providers on December 1, 2000: Clover Towing, Unitow Services, and Roadway Towing. Each proposal was evaluated based on selection criteria detailed in the Request for Proposal (RFP) document which placed emphasis on the proponents' ability to deliver the City's towing requirements in an efficient and professional manner as well as meeting the compensation requirements.

Roadway Towing's proposal requests the use of a City-owned tow yard site and facilities in return for compensation to the City. This, however, is not a viable alternative since a City-owned site with the required attributes for a tow yard operation does not presently exist. Further to recent discussions with Roadway Towing on this matter, they have formally withdrawn from the RFP process.

Proposal Analysis

Interviews were held with the two remaining proponents, Clover Towing and Unitow Services, to further clarify questions on their respective services, experience and revenue offers. The following is a brief description of each proposal benefits and shortfalls:

Unitow Services, Limited

Unitow's proposal meets all of the required terms of the RFP including financial stability, suitable equipment, demonstrated ability to supply the service, tow yard site and compensation offer to the City. The Unitow tow yard is both owned and operated exclusively by Unitow and is centrally located within the City at 13065 – 76 Avenue. Their five-acre, light industrial zoned site meets the RFP's tow yard size and zoning requirements (both IL or IH properties are acceptable). This site is also fully accessible via public transit, seven days per week (a bus stop is located adjacent to the tow yard site).

It should be noted that the “towing fees” chargeable to customers will be as per the ICBC established rates. However, Unitow's abandoned vehicle administration costs, rates to the City for its service needs and storage rates for all of their customers are more favourable. In addition, Unitow's proposal offers the most favourable terms related to compensation to the City.

The deficiencies of Unitow's service, which are considered minor, are mainly related to aesthetics:

- Unitow's tow truck fleet are fully functional, regularly services and safety inspected; however, the age of these vehicles are older than Unitow's competitor's. Scheduled vehicle washes and annual/bi-annual paint works on these vehicles would remedy this issue.
- Unitow's tow yard site, while fully adequate in size, requires some level of reorganization and clean-up.
- Unitow's customer reception area also requires a minor level of improvement such as the implementation of attractive landscaping, general clean-up and repair of their customer parking lot and perhaps painting of their front end (reception) office.

These issues were discussed with Unitow during our proponent interview. They have indicated that steps to remedy these issues have recently been initiated and will be completed by early spring of 2001.

Clover Towing, Limited

Clover Towing have been in operation for over 20 years. They presently provide (and have been a long-time provider of) towing services for both the Township and City of Langley. The proposal submitted by Clover Towing addressed the main requirements of the City's RFP document. Clover Towing appear to be a financially sound, professionally operated and a well-equipped business.

For the purposes of meeting the tow yard site requirements, Clover Towing have placed offers in three separate parcels of property within the City. Two of these sites are centrally located and the third site is located within the South Westminster area of Surrey. Their intent was to proceed with negotiations to retain one of these three properties in the event that they were selected as the City's Tow Service Contractor.

During our proponent interview, Clover Towing indicated that they would require 60 to 90 days to prepare for a City towing services operation if they were selected as the City's service provider. This time would be required for the purchase of the site, facility construction, towing truck purchases/preparation.

Clover Towing's financial proposal reflected service costs that were higher than their competitor's. In addition, their compensation offer to the City was substantially lower.

Proponent Recommendation

Both of the noted proponents are prominent tow service providers within the Lower Mainland and have been in operation for several years. Both have demonstrated the ability and capacity to deliver this service with a reasonable level of effectiveness and efficiency in their respective territories. Ultimately, the recommendation that the City retain the services of Unitow is based on the following:

- A relatively high level of certainty presently exists with Unitow:
 - Unitow already own the required tow yard site;

- The City is aware of Unitow's ability to deliver Surrey's towing requirements;
 - Unitow's familiarity with Surrey;
 - Unitow's familiarity with the City's administration requirements and procedures; and
 - Minimal start-up issues overall;
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- Unitow's favorable service cost proposal; and
 - Unitow's higher compensation offer to the City.

CONCLUSION

The proposal submitted by Unitow Services meets all of the City's Tow Services requirements, as requested. Continued service with Unitow will lead to minimal disruption to existing and ongoing services.

Jorgen Johansen, P. Eng.

General Manager, Engineering

RAC/PH/brb

c.c. - City Solicitor

- Manager, Operations – Engineering Dept.
- Manager, By-law Enforcement & Licensing - Planning and Development Dept.

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