



## Board Report

File #: 2021-0684, File Type: Contract

Agenda Number: 6.

### PLANNING AND PROGRAMMING COMMITTEE NOVEMBER 17, 2021

**SUBJECT: METRO FREEWAY SERVICE PATROL**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a firm fixed unit rate Contract No. FS73888-2000 to Navarro's Towing, the lowest responsive & responsible bidder, for Metro Freeway Service Patrol (FSP) towing services in the amount of \$7,530,460 for Beat 3 & Beat 43 for 56 months, subject to resolution of protest(s), if any;
- B. AWARD a firm fixed unit rate Contract No. FS73888-2001 to Classic Tow, dba Tip Top Tow, the lowest responsive & responsible bidder, for FSP towing services in the amount of \$7,581,984.20 for Beat 5 & Beat 17 for 56 months, subject to resolution of protest(s), if any;
- C. AWARD a firm fixed unit rate Contract No. FS73888-2002 to Neighborhood Towing 4U, the lowest responsive & responsible bidder, for FSP towing services in the amount of \$7,926,007.32 for Beat 6 & Beat 39 for 56 months, subject to resolution of protest(s), if any;
- D. AWARD a firm fixed unit rate Contract No. FS73888-2004 to Bob & Dave's Towing, the lowest responsive & responsible bidder, for FSP towing services in the amount of \$8,243,687.38 for Beat 18 & Beat 38 for 56 months, subject to resolution of protest(s), if any;
- E. AWARD a firm fixed unit rate Contract No. FS73888-2005 to Safeway Towing Services, Inc., dba Bob's Towing, the lowest responsive & responsible bidder, for FSP towing services in the amount of \$6,949,125 for Beat 20 & Beat 37 for 56 months, subject to resolution of protest(s), if any;
- F. AWARD a firm fixed unit rate Contract No. FS73888-2006 to Hovanwil, Inc., dba Jon's Towing, the lowest responsive & responsible bidder, for FSP towing services in the amount of \$5,418,511.17 for Beat 31 for 56 months, subject to resolution of protest(s), if any; and,
- G. INCREASE Contract Modification Authority (CMA) to 19 existing FSP contracts for an aggregate amount of \$7,250,000 thereby increasing the CMA amount from \$21,750,632 to

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\$29,000,632 and extend periods of performance for the following contracts to assure no gap in service as follows:

- Beat 3: Hollywood Car Carrier Contract No. FSP3469400B3/43, for \$565,000 for up to 5 months
- Beat 5: Sonic Towing, Inc. Contract No. FSP3469500B5/17, for \$365,000 for up to 5 months
- Beat 6: Neighborhood Towing 4 U Contract No. FSP3469600B6, for \$670,000 for up to 5 months
- Beat 17: Sonic Towing, Inc. Contract No. FSP3469500B5/17, for \$505,000 for up to 5 months
- Beat 18: Bob & Dave's Towing, Inc. Contract No. FSP2690300FSP1418, for \$605,000 for up to 5 months
- Beat 20: Bob's Towing Contract No. FSP2836600FSP1420, for \$480,000 for up to 5 months
- Beat 24: T.G. Towing, Inc. Contract No. FSP2833200FSP1424, for \$460,000 for up to 5 months
- Beat 27: Hovanwil, Inc. dba Jon's Towing Contract No. FSP3470400B27/39, for \$195,000 for up to 5 months
- Beat 29: Platinum Tow & Transport, Inc. Contract No. FSP3470600B29, for \$350,000 for up to 5 months
- Beat 31: Navarro's Towing Contract No. FSP3470700B31/50, for \$300,000 for up to 5 months
- Beat 33: Mid Valley Towing Contract No. FSP2851900FSP1433, for \$320,000 for up to 5 months
- Beat 37: Reliable Delivery Service Contract No. FSP3696000FSP1437, for \$600,000 for up to 5 months
- Beat 38: Steve's Towing Contract No. FSP38468001438, for \$245,000 for up to 5 months
- Beat 39: Hovanwil, Inc. dba Jon's Towing Contract No. FSP5966400FSPB39, for \$325,000 for up to 5 months
- Beat 42: Platinum Tow & Transport Contract No. FSP2842100FSP1442, for \$350,000 for up to 5 months
- Beat 43: Hollywood Car Carrier Contract No. FSP3469400B3/43, for \$635,000 for up to 5 months
- Beat 50: Navarro's Towing Contract No. FSP3470700B31/50, for \$280,000 for up to 5 months
- Beat 60: Freeway Towing, Inc. Contract No. FSP5768900B60, for up to 16 months
- Beat 61: All City Tow Service Contract No. FSP5769100B61, for up to 16 months.

## **ISSUE**

The award of 6 FSP light duty tow service contracts (11 beats) in Recommendations A, B, C, D, E, and F is intended to replace expired or expiring contracts.

Recommendation G authorizes Contract Modification Authority (CMA) in the aggregate amount of

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\$7,250,000 to execute contract modifications to existing FSP light and heavy-duty tow service contracts and extend periods of performance.

## **BACKGROUND**

In March 2020, the COVID-19 pandemic caused Los Angeles County to shut down due to the stay-at-home order. The impact to LA County's freeways was swift and unprecedented. Some of the worst congestion in the world had disappeared in a matter of days resulting in a need to modify service delivery for the FSP program. As a congestion mitigation program, there was no justification to maintain service levels that were designed to address severe congestion levels. Additionally, due to the impact of COVID on the Agency's revenues, the program's budget was decreased resulting in a service reduction of 40% on April 1, 2020. Since that time, FSP has continued to operate at reduced service levels. However, as commuters have begun to return to their normal driving patterns, congestion has increased along many freeway segments requiring service increases toward a return to pre-pandemic levels.

FSP is managed in partnership with Metro, CHP and Caltrans serving motorists on all major freeways in Los Angeles County. Metro's FSP program has the highest benefit to cost ratio of all FSP programs within California.

The program utilizes a fleet of roving tow and service trucks designed to reduce traffic congestion by efficiently rendering disabled vehicles operational or by quickly towing those vehicles from the freeway to a designated safe location. Quickly removing motorists and their disabled vehicles from the freeway reduces the chances of further incidents caused by onlookers and impatient drivers. FSP helps save fuel and reduce air polluting emissions by reducing stop-and-go traffic through the provision of free services to motorists and operates seven days a week during peak commuting hours.

Metro contracts with independent tow service providers for light duty tow service on general purpose lanes on all major freeways in Los Angeles County, 2 light duty contracts on the ExpressLanes (I-110 and I-10), and 2 heavy duty (Big Rig) contracts (I-710 and SR-91) to assist and remove trucks. Each weekday, 138 tow and service trucks are normally deployed during peak commuting hours.

The annual benefit of the program is as follows:

- For individual beats, an annual Benefit to Cost Ratio of 9:1 - For every \$1 spent there is a \$9 benefit to motorists.
- 300,000 motorist assists
- 5,175,845 hours motorists saved from sitting in traffic
- 8,897,277 gallons of fuel savings
- Approximately 78,296,040 kg of CO2 reductions
- The average motorist wait time for FSP service is 7 minutes (the average wait time for other roadside service is over 30 minutes)
- The Los Angeles County FSP program generates one-half of the cumulative benefits of the 14 FSP programs in the state.

## **DISCUSSION**

Award of contracts for beats 3, 5, 6, 17, 18, 20, 31, 37, 38, 39, and 43 will replace expiring contracts. The beats are comprised of a total of 114 centerline miles of freeway using a combination of 40 tow and service trucks.

Beats not awarded as a result of IFB No. FS73888-2 will be included in the next solicitation for FSP light duty tow service. In the interim, recommendation G provides CMA and extensions to periods of performance to extend contracts and redeploy service to ensure there are no gaps in service. Also, contractors recommended for award as a result of this solicitation may currently possess contracts for beats that were not included this solicitation. The combination of existing contracts and new awarded contracts creates a temporary situation where a contractor exceeds the program's two beat cap policy. This normally occurs during the transition period for all new FSP contracts. If all beats included in this solicitation had been awarded, the temporary overlap causing contractors to exceed the beat cap policy would be approximately 3 to 4 months before the new contracts could mobilize and replace the older contracts. However, due to the lack of responsive and responsible bidders for this solicitation, several contracts were not awarded and will be included in a subsequent solicitation. This creates an extended temporary overlap of the beat cap policy, for contractors, for approximately 8 to 10 months until a new solicitation can be released, and contracts awarded. Without this overlap period, it would not be possible for an existing contractor with 2 beats to bid on new contracts. The alternative is for contractors to wait for their contracts to expire before bidding on new contracts. This alternative is not recommended as it may not be possible to fill all of the gaps in service created by the vacant contracts while waiting for new contracts to be solicited, awarded and mobilization activities completed.

Once contracts are awarded, Contractors will have a mobilization period to complete the required startup activities to begin service. The following list summarizes the major activities that must be completed in order to provide FSP service:

- Purchase vehicle chassis and beds
- Build vehicles to FSP specifications (6-8 weeks)
- Metro Radio Shop installation of communications equipment (2-3 weeks)
- Hire and train prospective FSP drivers
- CHP testing and certification of FSP drivers
- Obtain program supplies
- CHP inspection and certification of contract vehicles

Authorizing contract modification authority and extending the period of performance for the light duty contracts will ensure seamless and efficient operation of the FSP program while the new contractors conduct mobilization activities and the next solicitation for FSP tow service can be issued. Increased CMA will also provide funds to address increased operating costs such as insurance and fuel and will also replenish funding to contracts that provide support to Caltrans through a Cooperative Agreement. The FSP program expends up to \$75,000 each month to support Caltrans construction projects for which Caltrans reimburses Metro.

Authorizing extending the period of performance for heavy duty tow service contracts Beats 60 & 61 will allow these contracts to expend surplus of funding not utilized due to pandemic related service

reductions. These two contracts were awarded in September 2016 and will expire in March and February 2022 respectively. The funds remaining in these contracts will support extensions of 16 months. The heavy-duty vehicles purchased for these contracts have significantly longer life than the vehicles purchased for the FSP light duty beats so there should be no service reliability issues to extend the period of performance.

As motorists return to their normal driving patterns, congestion is increasing in LA County. Currently operating at over 80% of pre-pandemic service levels, CMA will provide funds to return service to normal where and when needed.

Due to the global computer chip shortage and its impact on truck manufacturers to deliver new vehicles, Contractors may experience difficulties purchasing the required number of vehicles for each contract which will in turn delay the start of service. To anticipate this possibility, funding is included to extend and replenish the existing contracts beyond the normal mobilization period. If the Contractors are able to purchase their vehicles and begin service within the normal mobilization period, the existing contracts will end and the remaining contract funds will not be used.

#### Increased Program Costs

Within the past 6 years, the towing industry has been greatly impacted by rising operating costs. Liability insurance premiums, in some cases have increased over 300%, the cost of new tow trucks has increased 50% due to the global chip shortage, fuel (which is a major expenditure of FSP contractors) is near its highest levels for diesel, and the implementation of Living Wage Standards has almost doubled the cost of labor. Vehicle maintenance costs have also increased due to changing emissions standards and the lack of availability of replacement parts (supply chain issues) allows parts suppliers to increase prices. These increased industry costs translate into higher hourly rates bid for FSP contracts. Between 2015 and 2019 hourly rates awarded increased approximately 49%, in 2020 hourly rates awarded increased an additional 7% and for contracts recommended for award in this report, the hourly rates increased an additional 5%.

#### Cost Reduction Efforts

Over the years, staff have implemented strategies to reduce program costs through a variety of methods.

- Introduction of the FSP Regions - Consolidating 6 beats into a single contract and reducing the number of required backup trucks.
- Outreach efforts to increase the number of firms bidding on FSP contracts to increase competition.
  - o FSP management attend annual towing industry convention sponsored by the California Tow Truck Association. A booth is staffed by FSP agencies throughout the state to increase awareness of the FSP program and the contracting opportunities.
  - o DEOD sponsored training seminars to provide potential bidders a better understanding of the bid submittal requirements.
  - o FSP Staff outreach to local tow firms to increase awareness of FSP program and encourage firms to bid on contracts.

- o outreach to former FSP contractors to obtain feedback and encourage competition.
- o Staff have created a bidders list of firms contacted at the annual convention, local outreach, and unsolicited requests for information about the FSP program from various tow firms. This list is used as a supplement to the firms that are registered with VC/M when releasing solicitations.
- Five of the contracts recommended for award in this report are two beat contracts. For the purposes of this solicitation, two beat contracts were offered to reduce the number of backup trucks in an effort to reduce program costs. Normally each beat will have its own backup truck, but due to the shortage of new truck chassis (chip shortage) and the higher cost, two beats were combined into a single contract and one backup truck was eliminated to reduce program costs. A reduction of one tow truck (each cost approximately \$120,000) for each of the five contracts should create a savings opportunity of approximately \$600,000.

### Program Funding

Each year Caltrans allocates and manages funding dedicated to FSP programs statewide from two funding sources. The first is through legislation (state highway funds) provided when the program was established.

The second source of funding comes through Senate Bill 1 (SB-1) passed in 2017. Metro staff worked proactively to assure a discrete funding source for FSP as part of SB-1 development and upon passage of SB-1, worked collaboratively in the development of guidelines for funding allocation.

LA County has the worst congestion in the nation and Metro's FSP program is the largest in the state. In comparison to the state's other FSP programs, it consistently performs at the highest B/C ratio, generates approximately 50% of the state's performance metrics (number of assists, emissions/fuel/motorist delay savings), and does so while receiving only 32% of state allocated funds. While Metro is required to provide a 25% match to the state funds, due to the level of congestion and the size of the program, Metro provides over 50% of the total FSP program funding using local funds

### **DETERMINATION OF SAFETY IMPACT**

The FSP Program enhances safety on Los Angeles County freeways by assisting motorists with disabled vehicles, towing vehicles from freeway lanes to prevent secondary accidents, and removing debris/obstacles from lanes that can be a hazard to motorists.

### **FINANCIAL IMPACT**

The amount of \$7,250,000 for CMA, and first year startup and operational costs of approximately \$1,950,000 for beats 3, 5, 6, 17, 18, 20, 31, 37, 38, 39, and 43 is included in the FY22 budget in cost center 3352, Metro Freeway Service Patrol, under project number 300070. Since this action includes multi-year contracts, the cost center manager and Executive Officer, Congestion Reduction, will be responsible for budgeting funds in future years.

### Impact to Budget

The FSP program is funded through a combination of dedicated state funds, SB1 funding and Proposition C 25% sales tax. These funds are not eligible for Metro Bus and Rail Operating and Capital expenses. Metro is also reimbursed for the services provided to support Caltrans construction projects.

### **EQUITY PLATFORM**

Metro gathers general information from each motorist assist and provides that data to Caltrans for analysis and annual reporting. The program management team will consider what information could be collected, the method of collection and what the data might provide to inform program refinement and to analyze the impact that the FSP Program may have on low-income, marginalized and more vulnerable motorists.

The Diversity and Economic Opportunity Department (DEOD) established a 3% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. Of the six firms recommended for contract award, four of the firms are certified SBE contractors.

- For Beat 3 and 43, Navarro's Towing made a 97% SBE and 3% DVBE commitment.
- For Beat 5 and 17, Classic Tow, dba Tip Top Tow made a 5.98% SBE and 6.24% DVBE commitment.
- For Beat 6 and 39, Neighborhood Towing 4U made a 95% SBE and 3% DVBE commitment.
- For Beat 18 and 38, Bob & Dave's Towing made a 94% SBE and 6% DVBE commitment.
- For Beat 20 and 37, Safeway Towing Services, Inc., dba Bob's Towing made a 3.02% SBE and 3.45% DVBE commitment.
- For Beat 31, Hovanwil, Inc., dba Jon's Towing made a 94% SBE and 3.6% DVBE commitment.

DEOD has implemented a two-phased Small Business Recruitment Strategy to increase the number of SBE/DVBE certified vendors specific to the towing industry and tow service providers. Through the Metro Connect Outreach Program (DEOD), Congestion Reduction's Project Management and Contact Administration staff have scheduled two separate pre-solicitation outreach events targeting untapped SBE, DVBE and DBE-eligible firms within specific North American Industry Classification System (NAICS) codes. In addition, program management staff will continue to outreach to the towing community by attending the annual tow show sponsored by the California Tow Truck Association, contact local towing firms via phone or in person, and reach out to former FSP tow contractors.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The FSP Program aligns with Strategic Goal 1: Provide high quality mobility options that enable people to spend less time traveling. The program mitigates congestion on all major freeways in Los Angeles County.

### **ALTERNATIVES CONSIDERED**

The Board may decide not to award the contracts or authorize the increase in contract modification authority. This alternative is not recommended as it will adversely impact the existing contracts and

the level and quality of FSP service provided in Los Angeles County.

**NEXT STEPS**

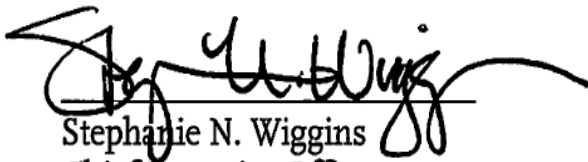
Upon Board approval, staff will execute the necessary contracts to assure efficient and seamless delivery of FSP services.

**ATTACHMENTS**

- Attachment A - Procurement Summary
- Attachment B - Procurement Summary (Various Beats)
- Attachment C - Contract Modification Authority Summary
- Attachment D - Contract Modification/Change Order Log
- Attachment E - DEOD Summary
- Attachment F - FSP Beat Map

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