



INFORMAL STAFF REPORT

MEMORANDUM

DATE: January 25, 2017

TO: Margie C. Rose, City Manager *MZ*

THRU: E. Jay Ellington, Interim Assistant City Manager *EJ*

FROM: Jim Davis, Director of Fleet Maintenance *JD*

SUBJECT: Options Regarding City Wrecker Service

Issue/Problem

At the January 10, 2017 meeting of the Corpus Christi City Council, the Fleet Maintenance Department was directed to examine the feasibility of pursuing in house vehicle towing which would be conducted and managed by the Fleet Maintenance Department.

In addition, the incumbent vendor raised a concern after this January 10, 2017 Council meeting concerning whether or not the recommended bidder for the light weight vehicles were properly licensed to provide towing services from the scene of an accident.

The following addresses these issues and concerns to include discussion, costs, conclusions and recommendations.

Backgrounds and Findings

Actual costs for the previous fiscal year (FY 16) were \$47,165.00 for all light equipment tow callouts. (Categories 1 & 2) Costs for fiscal year 16 heavy equipment were \$24,395.00. (Categories 3 & 4)

For the previous five fiscal years, average contract towing cost per year for light equipment was \$41,616.00 per year and for heavy equipment \$30,888.00 per year.

As can be seen above, our towing requirements for the past several years have remained relatively stable. Were these contracts to be approved and awarded, our actual costs for the first year and two option years for both light and heavy equipment contracts would likely be approximately \$210,000.00. The value of these contracts is higher than the anticipated need to allow for any increases we might experience for towing especially should a storm or other event occur. However, we are not obligated to pay anything beyond what is actually needed.

We estimate that our in house towing program for light equipment would require two tow trucks. The estimated cost of these two trucks would be \$150,000.00 per truck totaling \$300,00.00. This cost represents the equipment start-up cost for the program and would probably not be recurring for 7 to 10 years.

For in house light equipment towing, personnel costs would be \$97,231.08 for three FTE employees. This cost would be \$32,410.46 per employee (salaries plus insurance and benefits). This \$97,231.08 cost would essentially be the annual cost of the program excluding start-up costs. Three FTE's are recommended due to the 24/7, 365 days per year on duty response requirement.

The issue raised by the incumbent concerning the license was considered valid by staff; however the solicitation while requiring the wrecker companies to be licensed did not specify the type of license which would allow the wrecker companies to tow from an accident scene, otherwise known as an Incident Management (IM) license. The vendor that is being recommended for award had a Consent license at the time the bids were received, which met the requirements of the solicitation. The City's Police Department has wrecker companies in a rotation pool to remove vehicles from accident scenes and therefore the City has a way to deal with these situations. However, it is more cost effective to utilize this Fleet Management contract to make these tows due to the fact that there is approximately a \$100 difference in cost per tow to use the rotation list. Therefore the staff contacted the recommended low bidder to see if they were willing to upgrade their license and they were more than willing to do so. The recommended bidder's license has now been upgraded to the IM level so that the City can reap the benefits from these cost savings. It should be noted however that even if the license had not been upgraded, the cost difference in the bids still makes the recommendation the least costly for the City based on the low volume of accidents in question requiring City vehicle towing.

Conclusion/Recommendations:

In sum, we believe that in house light equipment towing is a feasible option to examine for this Department. Once the startup costs are accommodated, the annual costs, though greater at first look, are comparable to those of a towing contractor. Basically they represent personnel costs. At this point, contract towing still has an edge when evaluating our first look at in house towing.

We recommend that for this fiscal year we continue with contract towing. However, we will pursue the feasibility of in house towing and continue to develop and refine the parameters and plans necessary to perhaps introduce such a program in the future.

It is also recommended that the in house heavy equipment towing requirement not be pursued at this time. This is due to the high capacity GVWR trucks (53,000 and 65,000) required for this task plus the relatively few tows that occur in a given year (98 this past fiscal year). Such trucks are costly and we do not believe would be used enough to justify their price tags. (\$400,000.00 to \$500,000.00 for one 65,000 pound GVWR truck) In addition, the IM license concern has been resolved and staff stands behind its recommendation for award. Should there be any further questions or concerns about this issue, please contact Jim Davis at 361.826.1909 or email at jimd@cctexas.com.