



City of Seattle RFP Process for Vehicle Impound Management Services



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Seattle Office of City Auditor

REPORT SUMMARY

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We found that the City complied with state and city laws in its bid process for police impounds, obtained the new technologies it desired, and provided potential bidders multiple opportunities to clarify the Request for Proposal (RFP) requirements. We also found Washington State law is open to interpretation regarding the requirement for a Registered Tow Truck Operator license and that the percentage of impounds and storage days provided by women and minority owned businesses decreased under the new contract. We recommend the City monitor complaints about the accessibility of the contractor's south end lot and work with the vendor to assess and refine the City's management reporting needs.

City of Seattle RFP Process for Vehicle Impound Management Services

Report Highlights

Background

Per Seattle Municipal Code 11.30, the City of Seattle (City) contracts for the towing, storing, protecting, and releasing or otherwise disposing of vehicles ordered impounded, commonly referred to as police impounds.

In 2012, the City decided to change its approach to contracting for police impounds from a system in which multiple contractors are responsible for different geographic areas to one in which a single contractor provides comprehensive vehicle impound management services (VIMS) citywide. On August 14, 2012, the City issued a Request for Proposal (RFP) for these services. The City subsequently canceled this RFP and replaced it with a second RFP the following year. The contract was awarded to Lincoln Towing Enterprises, Inc. in June 2013. We conducted this audit in response to concerns raised about the bid process and contract award.

What We Found

1. The City complied with state and city laws related to public procurement, towing, and impounds in conducting the RFP and contract award processes.
2. The City was successful in obtaining the new technologies it desired.
3. The percentage of impounds and storage days provided by WMBE firms has decreased under the new contract.
4. Washington State law is open to interpretation regarding the requirement for a Registered Tow Truck Operator (RTTO) license.
5. The City provided potential bidders with multiple opportunities to clarify the RTTO Requirement in the second RFP (#FAS-235).
6. Two of the contractor's 3 storage and release lots comply with the contract requirements. We question whether the south end lot is easily accessible to a public transit route.

Recommendations

City staff in charge of managing the police impounds contract should: 1) assess their management reporting needs and work with the vendor to address these needs, and 2) monitor complaints about south end lot accessibility and work with the contractor to address any issues that arise.



WHY WE DID THIS AUDIT

Seattle City Councilmembers Burgess and Rasmussen asked us to review the City's most recent bid process for police impound services. They wanted to know whether:

- The process complied with state and city laws;
- The City obtained the technologies it desired;
- Opportunities for women and minority owned businesses (WMBE) increased or decreased under the new contract compared to the previous one;
- Retrieval storage lots meet requirements for location and accessibility.

HOW WE DID THIS AUDIT

We researched laws, reviewed city documents, interviewed city officials and contractors, analyzed impound data, observed towing operations and conducted site visits to storage lots.

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I. INTRODUCTION

In response to concerns about the City of Seattle's Request for Proposal (RFP) process for vehicle impound management services, Seattle City Councilmembers Tim Burgess and Tom Rasmussen asked our office to review the bid process and assess the quality of the services being provided under the new contract. Specifically, they wanted to know:

1. Did the RFP process and the awarding of the contract comply with State of Washington and City of Seattle public contracting requirements? Provide a list of key dates in the process that identify the various decisions made by the City.
2. Was the City successful in obtaining new technologies to improve the program's efficiency and response times in the new contract?
3. Does the new contract increase or decrease women and minority owned business (WMBE) participation in the City's towing contracts?
4. What does Washington state law require for companies wishing to submit a proposal for towing services?
5. What steps did the City take to inform respondents of the legal prerequisites for bidding on the contract?
6. Is the contractually required level of customer service being achieved by the contractor with respect to the location and accessibility of retrieval storage lots?

Our responses to these questions can be found in Section II of this report: Results and Recommendations. We conducted our audit from October 2013 – March 2014. We conducted this performance audit in accordance with generally accepted government auditing standards. For further information on the objectives, scope and methodology of this audit, see section III of this report.

II. RESULTS AND RECOMMENDATIONS

Did the RFP process and awarding of the contract comply with State of Washington and City of Seattle public contracting requirements?

We found that the City's Department of Finance and Administrative Services (FAS) complied with state and local laws related to public procurement, towing, and impounds in conducting the RFP process for FAS-235 and awarding contract #3061. In addition, we found that FAS followed their internal policies and procedures related to procurement.

Laws and Regulations related to Public Procurement and Towing and Impounds

To test whether FAS complied with State of Washington and City of Seattle public contracting requirements we identified state and local laws and regulations related to public procurement, impounds, and towing.

Washington State Laws

We found that, with the exception of public works projects, Washington State statutes do not regulate how cities conduct public procurement. However, contracting and purchasing is subject to a large body of Washington State case law (i.e., court decisions made in previous cases, also called common law). Under

common law, each case usually relates to a specific aspect of the contracting process, and/or a specific type of contract. City attorneys told us that, at FAS' request, they researched case law related to the Registered Tow Truck Operator (RTTO) requirement for this RFP and did not find any applicable cases.

The State of Washington does regulate towing and impoundment, under the Revised Code of Washington (RCW) 46.55. Washington Administrative Code Chapters 204-91A and 308-61-026 provide further clarification on state laws related to towing businesses.

City of Seattle Laws

Seattle Municipal Code (SMC) 20.60.106 governs how City departments are to conduct competitive bidding processes. SMC 6.214.210 contains city business regulations related to tow company licenses and regulations, and SMC 11.30 regulates impounding in the City of Seattle.

FAS Policies and Procedures

FAS' Purchasing Manual, pages 26-28 relates to competitive solicitations. FAS Director's Rule #10 outlines buyers' roles and responsibilities. In addition, FAS requires all buyers to submit a Contract File Verification form to their supervisors for review before contracts are signed.

Provide a list of key dates in the process that identify the various decisions made by the City.

Exhibits I and II, in Appendix A, provide a list of the key dates and events related to RFPs FAS-234 and FAS-235. Dates on which the City made decisions are highlighted and noted as such. These include:

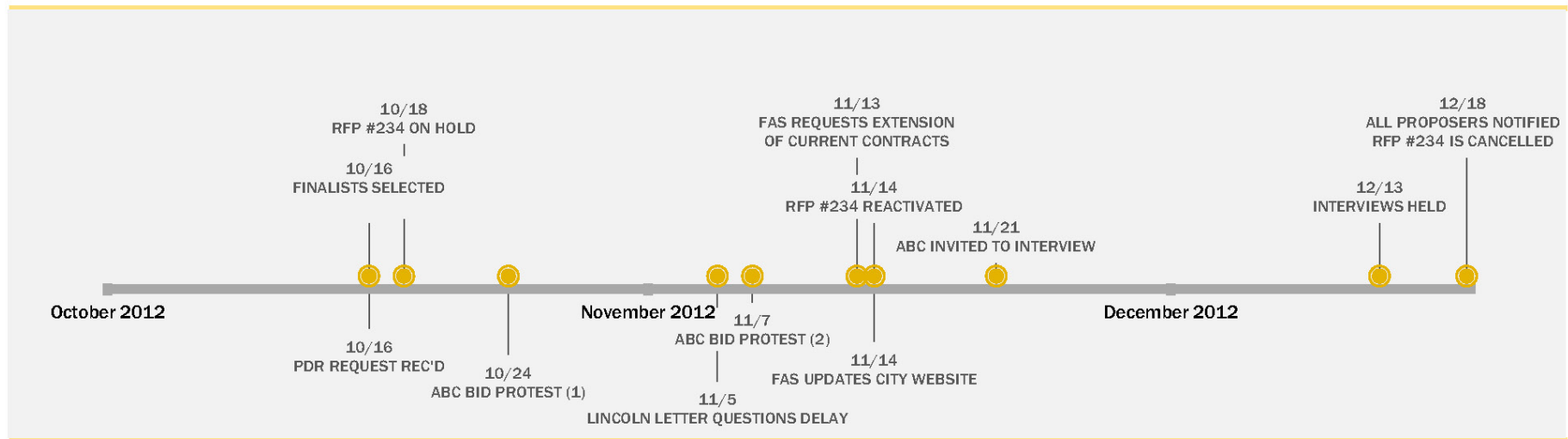
- | | |
|---------------------|---|
| • October 16, 2012 | Selection of finalists for RFP #FAS-234 |
| • October 18, 2012 | RFP #FAS-234 placed on hold |
| • November 9, 2012 | RFP #FAS-234 reinstated |
| • November 14, 2012 | RFP #FAS-234 reactivated;
AutoReturn, Lincoln & UR-VMS invited to interview |
| • November 21, 2012 | ABC invited to interview |
| • December 17, 2012 | RFP #FAS-234 is cancelled ¹ |
| • February 25, 2013 | Inclusion plan is removed from draft of RFP #FAS-235 |
| • April 15, 2013 | City denies AutoReturn's request for an extension |
| • May 10, 2013 | AutoReturn and UR-VMS are disqualified;
ABC and Lincoln invited to interview |
| • June 7, 2013 | Contract is awarded to Lincoln Towing |

City decisions that were subsequently protested by at least one bidder include: 1) how the WMBE Inclusion Plan was scored, 2) how the Registered Tow Truck Operator (RTTO) license requirement was interpreted, and 3) whether the City should have allowed more time for out-of-state bidders to obtain a RTTO license. Because City managers could not identify a fair and equitable method for scoring the WMBE Inclusion Plan, they removed it from the second RFP (the RFP upon which contract award was based). Decisions about the RTTO requirement are discussed in the Results and Recommendations section, starting on page 8. For a full list of the key dates related to both RFPs, see Appendix A.

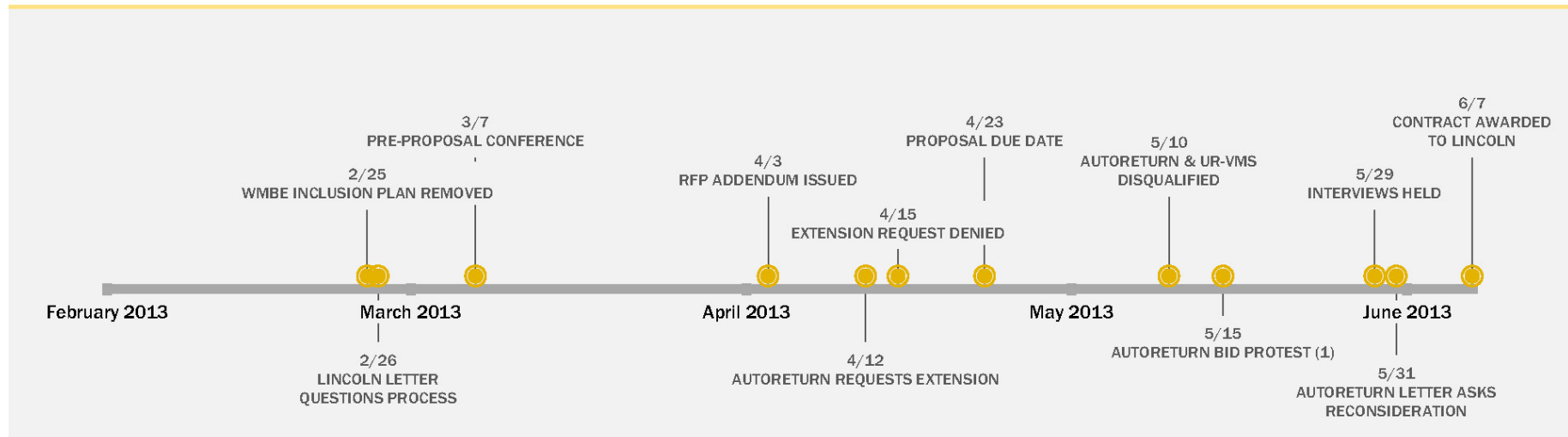
¹Per RFP #FAS-234, Clause 7.26 Rejection of Proposals, Right to Cancel: The City reserves the right to reject any or all proposals at any time with no penalty.

Below are two timelines of key events that occurred during the first and second RFP solicitation processes.

RFP #234 Timeline: October 2012 - December 2012



RFP #235 Timeline: February 2013 - June 2013



Was the City successful in obtaining new technologies to improve the program's efficiency and response times in the new contract?

We found that, under the new contract, the City was successful in obtaining new technologies that improve or have the potential to improve the vehicle impound program's efficiency.

RFP #FAS-235 lists 12 program goals describing what the City hoped to achieve when converting to a comprehensive vehicle impound management services program. Among these were:

1. Excellent customer service for the City and vehicle owners;
2. Reliable and efficient responses when the Seattle Police Department (SPD) requests service;
3. Reliable and efficient responses when vehicle owners inquire about the status of their impounded vehicle or seek release of their impounded vehicle;
6. Successful integration of technology and operations, including real-time tracking of vehicle locations and towing status;
7. Regular reporting of key performance data to FAS, SPD, and other City departments; and
9. Effective protection from claims for damage, theft and loss.

We found that the City was successful in obtaining new technologies that either have achieved these goals or provide the potential to do so. For example, since the new contract was awarded, SPD Communications Call Center dispatchers now enter tow requests directly into the contractor's database. For further examples of how technology enhancements have improved the way critical tasks in the vehicle impound management process are performed under the new contract, see Appendix B.

Management Reports

Under the new contract, City staff can use the TOPS-CMA² system to access multiple types of information to facilitate their daily work and improve their oversight of vehicle impounds. However, although the availability of these data has significantly improved with this expanded access, the City needs to ensure that the reports it requires of its vendor are complete, accurate, and appropriate for their intended purpose, as well as being useful to the City.

During our review of TOPS-CMA reports, we identified three areas that the City should address:

1. Different reports, which present the same data, do not match, raising questions about the data's reliability. For example, the monthly total of calls in the Dispatch Log does not match the monthly total of calls in the Master Log. The City's contractor told us that the differences likely result from differences in the criteria the two reports use to pull data from the TOPS-CMA database. City managers should ensure that they understand any differences or discrepancies in reports.
2. The terminology used to categorize data is easy to misinterpret and can cause confusion. For example, in creating the Master Log, the system auto-assigns the final status of "released" to records for both canceled calls and impounded vehicles that have been collected by their owners. As a result, a summary of records by final status is misleading, especially since the report, as described in the contract, should not include canceled calls.

² TOPS-CMA is the web-based software application tool used by the City and the contractor to support all aspects of police impounds.

3. The City is not currently using all the reports the contract requires be produced. For example, the Master Log and Dispatch Log are required under the contract, but are not used.

Recommendation 1:

City staff in charge of managing the contract should:

- Assess their management reporting needs;
- Meet with the vendor to determine the best way to meet these needs;
- Work with the vendor to refine existing reports, create new reports, and/or eliminate reports, as needed; and
- Amend the contract's reporting requirements accordingly.

Further, the City and the vendor should agree on a method for verifying the data's accuracy on a periodic basis. This could include the vendor providing a monthly reconciliation or City staff periodically spot-checking a sample of the data to ensure they are consistent throughout the database and match hard copy records, if available.

Does the new contract increase or decrease WMBE participation in the City's towing contracts?

When the City converted from a six-zone model to a comprehensive management approach for vehicle impound services, it identified several goals for the program. One goal was the "intensive utilization of local, small towing companies, particularly women and minority owned firms." However, when we tested whether participation by women and minority owned businesses (WMBE) has increased, we found that the percentage of total impounds and days of vehicle storage provided by WMBE firms decreased under the new model.

To determine whether WMBE participation has increased or decreased, we compared the following three indicators for a period of five months under the new model with the same time period under the previous model: 1) the number of WMBE firms providing impound services, 2) the number and percentage of impounds or calls handled by WMBE firms, and 3) days and percentage of storage provided by WMBE firms. The results of our comparison are summarized in Exhibit III.

Exhibit III. Participation by WMBE Firms under the Previous and Current Models

	5-Months Under the Previous Model, October 2012-February 2013	5-Months Under the New Model, October 2013-February 2014
Number of WMBE Firms Providing Impound Services	2 One WMBE firm contracted with the City to provide impound services for two zones; another was a subcontractor to the firm responsible for impound services in the other four zones.	2 Both WMBE firms provide impound services as subcontractors to the City's single vehicle impound management services provider.
Impounds or Calls Handled by a WMBE Firm*	1,251 Impounds (18% of Total Impounds or Calls)	889 Calls (12% of Total Impounds or Calls)
Days of Storage Provided by a WMBE firm	2,095 days (6% of Total Days of Storage)	0 days (0% of Total Days of Storage)
* Data provided by FAS includes impounds by towing company for the previous contract and calls by towing company for the new contract. Not all calls result in impounds (e.g., sometimes vehicles that are parked illegally are moved before the tow truck arrives), although we expect that the ratio of calls to impounds would not vary by towing company.		

Source: Office of City Auditor analysis of data provided by FAS and Lincoln Towing.

As can be seen in Exhibit III, the percentage of impounds and the percentage of storage days provided by WMBE firms has decreased under the new model.

Storage – Under the previous model, the City contracted with two vendors to provide impound and storage services: one vendor was a WMBE firm and the other was not. Although these two vendors subcontracted with smaller towing companies for some of this work, they each retained responsibility for storing impounded vehicles. In contrast, under the current model, the City contracts with a single company for impound management services, and this single company, which is not a WMBE firm, handles all vehicle storage. As a result, the percentage of storage provided by a WMBE firm decreased from 6 percent under the old set of contracts to 0 percent currently. We estimate that the decrease in WMBE participation is equivalent to approximately \$3,100 in monthly revenues that would have gone to a WMBE subcontractor.

Impounds – The number and percentage of impounds performed by WMBE firms has also decreased under the new model. Further, whereas one of the WMBE firms participating under the previous model was the City's prime vendor for two zones, both of the WMBE firms currently participating are subcontractors for the City's single impound management vendor. As subcontractors, these firms do not receive the full City rate—the City cannot control rates paid to subcontractors and the prime vendor retains a portion of City's rate to cover their management expenses.

The decrease in WMBE participation in **storage** resulted directly from the award of the single impound management contract to a non-WMBE firm—this work cannot be subcontracted out and so no other firms can participate. However, the decrease in participation in **impounds** has likely resulted from multiple factors, including the number of eligible WMBE firms willing to subcontract under the rates and conditions offered by the City's impound management vendor and the capabilities of current WMBE subcontractors to take on a higher volume of tows.

What licensing requirements does Washington state law have for companies wishing to submit a proposal for towing services?

We found that Washington state licensing requirements for tow companies wishing to submit a proposal for a towing contract are open to interpretation—specifically, the requirement found in the Revised Code of Washington (RCW), section 46.55.020 about the need for a registered tow truck operator (RTTO) license. Specifically, this section states:

A person shall not engage in or offer to engage in the activities of a registered tow truck operator (RTTO) without a current registration certificate from the department of licensing authorizing him or her to engage in such activities.

Any person engaging in or offering to engage in the activities of a registered tow truck operator without the registration certificate required by this chapter is guilty of a gross misdemeanor.

During the RFP process for vehicle impound management services, two issues arose related to this requirement:

1. Whether the term “offer” in RCW 46.55.020 (1) means that a company must have a RTTO license to bid on a contract to provide towing services; and
2. Whether potential bidders had enough time to acquire an RTTO license before the deadline for RFP #FAS 235.

Washington State law RCW 46.55.020(1) is open to interpretation

We found that the meaning of the term “offer” in RCW 46.55.020 (1) is open to interpretation. One position, based on contracting law, is that the term “offer” has a very specific legal meaning, which includes responding to a bid to provide services. A conflicting position based on more practical considerations is that the RTTO requirement is meant to be in effect before a company actually provides services and only applies to a company after it has been awarded a contract to provide towing services in the State of Washington. According to the City attorneys with whom we spoke, in the absence of case law or a Washington State Attorney General’s opinion on how to interpret the statute, it is uncertain how a judge would rule if the statute was challenged in court.

In late 2012, when FAS managers and staff became aware of the questions related to how to interpret this statute, they consulted with the Washington State Department of Licensing and City attorneys. Based on these consultations, FAS managers decided how to proceed with both RFPs. Ultimately, on December 17, 2012, they cancelled the first RFP and decided to issue a second RFP to clarify the RTTO requirement. In the first RFP, Minimum Qualification 3.2 was: “Vendor is, or will subcontract with, a tow truck operator(s) registered in the State of Washington.” In the second RFP, #FAS-235, the wording in section 3.2 was changed to: “Vendor must be a Registered Tow Truck Operator in the State of Washington at time of proposal submittal.”

FAS provided potential bidders with multiple opportunities to clarify the RTTO Requirement

Starting before the first RFP was cancelled in December 2012, the City provided information about the RTTO requirement in at least three different ways.

First, on November 14, 2012, FAS notified all Proposers of Record that: “the City of Seattle has updated information posted to RFP #FAS-234 Vehicle Impound Management Services (VIMS). To view and download this information, go to: <http://www.seattle.gov/purchasing>.” FAS sent this notification to all Proposers of Record, including in-state and out-of-state firms. The information posted on the City of Seattle’s City Purchasing website included, among other things, the following documents listed under Updated Information, which discussed the issue of the RTTO license as a minimum requirement to bid:

- **Letter dated: 11/07/12** (page 2, #2)
- **Letter dated: 11/13/12** (page 3, #2)
- **City's Response to Protest** (page 4, Issue 5) UR VMS and Auto Return's Qualifications as an RTTO
- **Letter dated: 11/19/12** (pages 1-4)

Second, the RFP Coordinator who provided an overview of the RFP at the March 7, 2013 pre-proposal conference for the second RFP (#FAS-235) remembers reviewing the requirements in detail and pointing out all changes from the first RFP, including the RTTO requirement. According to the RFP Coordinator and others who attended the pre-proposal conference, no questions related to the RTTO requirement were raised at this meeting. Both UR VMS and AutoReturn were represented at the pre-proposal conference.

Third, during the question and answer period for the second RFP—from February 26, 2013 to March 14, 2013 – the City confirmed this requirement in its written responses to two questions:

Question 22: "A vendor must be a Registered Tow Truck Operator at the time of submittal and must keep its license in good standing throughout the contract term."

Question 27: "A proposer needs to be a RTTO at the time of proposal submittal. See Section 3.2 under "Minimum Qualifications."

All questions the City received related to this RFP, including the two above, along with the City's responses, were posted on the City's website on April 3, 2013.

Finally, one FAS manager involved in the first RFP process recalled that during December 2012, shortly after all the bids for RFP #FAS-234 were rejected, she received a call on December 18, 2012 from AutoReturn asking why the RFP had been cancelled. She told them it was because the City wanted to make it clear that a RTTO license was a minimum requirement for bidding on the contract.

What Steps Did the City Take to Inform Respondents About the Bidding Process?

We found that FAS intentionally scheduled the second RFP to allow bidders sufficient time to obtain their RTTO licenses. According to the FAS project manager assigned to the VIMS RFP process, the deadline for the second RFP was based on time estimates the Washington State Department of Licensing (DOL) provided to the City and should have allowed sufficient time for potential bidders to obtain a RTTO license.

The City received two estimates from the Washington State DOL. First, an October 31, 2012 email from a DOL program administrator to a city attorney stated: "Please be aware that if the winning bidder is required to submit an application for RTTO licensing the process takes an average of 3 to 4 weeks. This includes several requirements such as Washington State Patrol site and vehicle inspections, bonding requirements and possibly an Ecology inspection depending on the circumstances." A second estimate was provided by DOL when the FAS project manager in charge of drafting the second RFP asked how long it typically takes for a new RTTO license to be approved. This DOL representative said that, if a company had everything prepared, it could take 6 weeks, but probably 8 weeks at most. The FAS project manager then scheduled the deadline for the second RFP at April 23, 2013 – 8 weeks after the issue date of February 26, 2013 – ample time, to the best of his knowledge, for a company to obtain an RTTO license.

Including all time between the cancellation of the first RFP on December 18, 2012 and the April 23, 2013 deadline for the second RFP, the total time available for potential respondents to obtain an RTTO license was 18 weeks. This is important because bidders on the first RFP would have been aware that issues pertaining to

the RTTO requirement had been raised from the documents posted on the City's website on November 14, 2012.

Is the contractually-required level of customer service being achieved by the contractor with respect to the location and accessibility of retrieval storage lots?

We found that two of Lincoln's lots comply with the contract requirements, but we question whether the third lot, in the south end, is easily accessible to a public transit route.

Under the current contract, Lincoln uses three lots for storage and release of impounded vehicles:

1. 12220 Aurora Ave N, Seattle, WA 98133
2. 3919 Pasadena Pl NE, Seattle, WA 98105
3. 10140 W Marginal Pl S, Tukwila, WA 98168

The Seattle City Council asked us to determine whether the contractually required level of customer service is being achieved with respect to the location and accessibility of these lots.

According to Contract Amendment #2 to contract 3061, signed on January 15, 2014, the requirements are as follows:

- a. Vendor will maintain and operate one (1) or more primary lots and release facilities for storing and releasing impounded vehicles. **Each primary lot will have a co-located release facility.**
- b. Vendor will have one (1) or more primary lots and release facilities located within the city limits and may have no more than **one (1) primary lot and release facility located within ten (10) miles of the city limits to the north or to the south.**
- c. Each storage lot and release facility will be reasonably accessible (i.e. **a walking distance of one-half mile or less**) to **one or more public transit routes. At least one of the public transit routes accessible to the storage lot and release facility must run at least (18) hours per day, seven (7) days a week.**
- d. Any secondary lot designated and used by Vendor will conform to the release, location, public transit accessibility, and any other features required of the primary lot. Unless otherwise directed by SPD, Vendor will not initially tow any vehicle to a secondary lot.

To test each storage and release lot for accessibility by public transit, we researched available public transit options online, traveled from downtown Seattle to the nearest transit stop, and then walked to the lots. We found that Lincoln's lots on Aurora Avenue and Pasadena Place comply with the contract requirements, but we question whether the south end lot at 10140 W Marginal Pl S, Tukwila, is easily accessible to a public transit route.

Although the south lot is accessible by public transit that runs at least 18 hours a day, 7 days a week, the walk from the nearest transit stop to the lot exceeds the half-mile maximum in the contract. We also noted the following pedestrian safety concerns with the walking route:

1. Except for the portions of the walk on East Marginal Way S and the covered walkway on the Duwamish Bridge, there were no sidewalks, which could be dangerous at night, in inclement weather or with higher traffic volumes;
2. Pedestrians have to cross a 2-arterial intersection with a blinking traffic light and lots of freight traffic, which could be dangerous in bad weather or heavy traffic; and
3. To reach the storage lot, pedestrians have to cross in front of the entry to a freight truck lot, which has a high volume of incoming and outgoing traffic and is not monitored.

Exhibit IV below illustrates a portion of the walk to the south end storage lot that does not have a sidewalk.

Exhibit IV. Walk to Lincoln's South End Storage Lot.



Despite these concerns, the SPD Communications Analyst who manages the SPD Call Center told us that SPD dispatchers have not reported any complaints about south end lot accessibility since the start of the new contract in October 2013.

Recommendation 2:

FAS and SPD should monitor complaints about south end lot accessibility, and if needed, work with the contractor to address any issues that arise.

III. OBJECTIVES, SCOPE AND METHODOLOGY

Objectives and Scope

The Seattle City Council asked us to review the bid process for RFP #FAS-235 and the quality of services being provided under the current contract #3061 for vehicle impound management services. Specifically, they wanted to know:

1. Did the RFP process and the awarding of the contract comply with State of Washington and City of Seattle public contracting requirements? Provide a list of key dates in the process that identify the various decisions made by the City.

2. Was the City successful in obtaining new technologies to improve the program's efficiency and response times in the new contract? Does the new contract increase or decrease WMBE participation in the City's towing contracts?
3. What does Washington state law require for companies wishing to submit a proposal for towing services? What steps did the City take to inform respondents of the legal prerequisites for bidding on the contract?
4. Is the contractually required level of customer service being achieved by the contractor with respect to the location and accessibility of retrieval storage lots?

Methodology

To answer the above questions, we:

- Reviewed city documents, including issue analyses, RFPs, proposals, RFP evaluations, contracts, correspondence, emails, and reports;
- Researched Washington state laws and City of Seattle municipal code and policies and procedures related to purchasing and vehicle impounds;
- Interviewed officials from the City's Departments of Finance and Administrative Services, the Seattle Police Department, the City Attorney's Office and current and former city contractors;
- Obtained an overview of the current contractor's software for managing vehicle impounds;
- Obtained and analyzed impound call data from time periods during both the previous contracts and the current contract for police impounds;
- Rode-along with a tow truck driver to observe impound tows; and
- Tested bus routes to all 3 of the current contractor's storage lots.

We conducted our audit from October 2013 to March 2014. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To complete our comparison of participation by Women and Minority Owned Business Enterprise (WMBEs) firms under the previous and current contract models, we obtained and analyzed data from FAS and from the TOPS-CMA system. We reviewed the data for obvious inconsistencies and completeness, and we compared multiple TOPS-CMA reports for consistency. When we identified discrepancies, we worked with staff at FAS and Lincoln Towing to understand the inconsistencies and to reconcile conflicts between reports. From these efforts, we determined that the WMBE participation data were sufficiently reliable for the purposes of this report. Additionally, in response to the inconsistencies we identified in some TOPS-CMA reports, we included Recommendation 1 that City staff work with the vendor to ensure data reports meet the City's needs and are reliable and accurate.

APPENDIX A

Exhibit I: Key 2012 Events and Decisions related to RFP #FAS-234 (first RFP)

Key Dates 2012	Event	Description
08-14	RFP #234 issued	City seeks proposals for comprehensive management of vehicle impounds
08-30	Pre-proposal conference	11 bidders, including two out-of-state bidders, are in attendance
09-11	RFP Addendum issued	Includes 16 questions raised by potential bidders and the City's responses
10-02	Proposal due date	City receives 8 proposals, including 3 from out-of-state firms
10-16 City Decision	Finalists selected	RFP evaluation team selects 3 vendors to interview: AutoReturn, Lincoln and UR-VMS
10-16	Public Disclosure Request	City receives public disclosure request from ABC Towing
10-18 City Decision	RFP #234 placed on hold	City places RFP on hold to research RTTO requirement; informs finalists interviews are on hold; consults with City Attorney's Office
10-24	ABC Bid protest #1	ABC Towing submits a bid protest, claiming that the City's Inclusion Plan scoring violates the City's Equity in Contracting Ordinance
10-31	City receives opinion on RTTO from Washington DOL	FAS' official opinion is that a bidder would not need to be licensed as an RTTO with the State at the time a bid is submitted
11-05	Lincoln Towing letter	Lincoln Towing tells City that "the unexpected delay in the evaluation process has caused concern and confusion for Lincoln and their subcontractors"
11-07	ABC Bid protest #2	ABC Towing identifies additional grounds for protest, including out-of-state bidders' compliance with the RTTO requirement
11-09 City Decision	City decides to reinstate RFP	FAS management decides to reinstate process based on Washington State Department of Licensing opinion
11-13 & 11-16	City requests extension on current towing contract	City asks Lincoln Towing and ABC Towing to extend their current contracts, which are due to expire at the end of February 2013, on a month-by-month basis until the City is able to complete the RFP process
11-14 City Decision	RFP #234 reactivated	AutoReturn, Lincoln and UR-VMS are invited to interview
11-14	Information posted on City's website	All Proposers of Records are notified by email that the process has been reactivated and are told that the City has updated information related to the RFP #234 on the City's website. The information posted on the website included documents that discussed the issue of whether a RTTO license is needed to bid on the contract.

Key Dates 2012	Event	Description
11-21 City Decision	ABC invited to interview	RFP Coordinator notifies ABC Towing that they have been selected as one of the four finalists to advance to the interview stage
12-13 & 14	Interviews Held	Interviews/Technology Demonstrations are held for the four finalists: ABC, AutoReturn, UR-VMS and Lincoln
12-17 City Decision	City decides to cancel the RFP #234	After consulting with city attorneys, FAS management decides to reject all RFP responses and cancel the solicitation as permitted by RFP #FAS-234 Clause 7.26 Rejection of Proposals, Right to Cancel
12-18	All Proposers of Record are informed of the cancellation	City notifies all Proposers of Record that "RFP #234 for VIMS has been cancelled at the request of the Department of Finance and Administrative Services. The City of Seattle will keep your names on file when a new Request for Proposal is issued next year."

Exhibit II: Key 2013 Events and Decisions related to RFP #FAS-235 (second RFP)

Key Dates 2013	Event	Description
02-25 City Decision	WMBE Inclusion Plan removed from RFP	FAS decides to remove the Inclusion Plan from the second RFP
02-26	Lincoln Towing Letter	Lincoln Towing writes City expressing concern and frustration with the troubled process that has accompanied #FAS 234
02-26	RFP #235 issued	City seeks proposals for comprehensive management of vehicle impounds
03-07	Pre-proposal conference	6 bidders, including AutoReturn and UR-VMS (via conference call), are in attendance. The RFP Coordinator describes all changes to the RFP, including the RTTO license requirement. No questions were raised about the RTTO license being a minimum requirement.
04-03	RFP Addendum issued	Includes 35 questions raised by potential bidders and the City's responses. In response to two questions, the City confirms that: "A vendor must be a Registered Tow Truck Operator (RTTO) at the time of submittal and must keep its license in good standing throughout the contract term." (Q22) "A proposer needs to be a RTTO at the time of proposal submittal. See Section 3.2 under "Minimum Qualifications." (Q27)
04-12	AutoReturn requests 30 day extension	AutoReturn requests extension to accommodate the process that Washington State Patrol and Washington State Department of Licensing require to become a Registered Tow Truck Operator (RTTO)
04-15 City Decision	City denies request for extension	RFP Coordinator notifies AutoReturn that their request for an extension has been denied: "The City has reviewed our business need and the length of time already provided in the solicitation schedule to submit proposals. The City will not extend the due date."
04-23	Proposal due date	City receives 5 proposals, including 2 from out-of-state firms
05-10 City Decision	AutoReturn and UR-VMS disqualified; ABC and Lincoln are advanced to interview stage	City notifies AutoReturn and UR-VMS by email that their proposals were found non-responsive because they did not meet the minimum qualification of being a licensed RTTO in the State of Washington at the time of proposal submittal.

Key Dates 2013	Event	Description
05-15	AutoReturn Bid protest #1	AutoReturn submits bid protest, claiming that it is a licensed Washington State RTTO by virtue of its subsidiary's RTTO license and that their request for an extension was unreasonably denied.
05-29	Interviews Held	Interviews/technology demonstrations are held for the two finalists, ABC Towing and Lincoln Towing
05-31	AutoReturn Letter to City	AutoReturn asserts that, based on the principles set forth in its May 15th letter, "RFP #FAS-235 should be cancelled or AutoReturn should be included in the next round of bidders."
06-07 City Decision	Contract awarded to Lincoln Towing	City and Lincoln Towing work on a transition plan. Contract is finalized and signed on 06-18-13

APPENDIX B

Exhibit V. Comparison of Vehicle Impound Tasks under the Old and New Contracts

Note: The far right column lists the benefits, or potential benefits, achieved under the new contract and identifies which of the goals listed on page 5 is addressed by the improvement. Green background signifies that the benefit has been achieved; yellow that it is a potential benefit.

Task	System under old contracts	System under new contract	Benefit achieved or potential benefit
Seattle Police Department (SPD) patrol officer or Parking Enforcement Officer (PEO) requests for impounds	<p>PEOs could use a computer to enter their impound requests or</p> <p>PEOs and SPD patrol officers could call or radio SPD's 911 Communications Center</p> <p>Typically (95 percent of the time), PEOs used portable radios to contact SPD Communications while in the field.</p>	<p>PEOs and SPD patrol officers can:</p> <p>Enter the request directly³ into TOPS-CMA or</p> <p>Call or radio SPD's 911 Communications Center or</p> <p>Call Lincoln Towing</p>	<p>Enhances service for SPD patrol officers and PEOs</p> <p>Benefit Achieved Goal 1: Customer Service</p>
SPD 911 Call Center communicates tow request to City's contractors	<p>911 Dispatchers called one of two tow companies depending on the location of the vehicle to be towed</p>	<p>911 Dispatchers enter request directly into TOPS-CMA.</p>	<p>Could result in faster response times</p> <p>Less opportunity for error</p> <p>Potential Benefit Goal 2: Faster response times</p>

³ If choosing this option, Parking Enforcement Officers use their handheld devices to enter tow requests, whereas SPD patrol officers use the laptops on their patrol cars.

Task	System under old contracts	System under new contract	Benefit achieved or potential benefit
City contractor(s) dispatches a tow truck	<p>Lincoln Towing relied on dispatchers' experience, their knowledge of the geographic area, traffic patterns, GPS and geo-coding to identify the nearest available Lincoln tow truck. Drivers were then dispatched using radio communication and text messaging. Subcontractors were only used if a Lincoln truck could not make the response time, or during special events or peak hours when tow trucks were stationed near locations with peak hour parking restrictions.</p> <p>ABC Towing entered tow requests into their dispatch program and texted the nearest driver.</p>	<p><i>Task performed by Lincoln dispatchers</i></p> <p>TOPS-CMA software identifies the nearest available tow trucks using GPS technology, then uses data on subcontractors' workload and capacity to prioritize assignments. Lincoln dispatchers monitor activity and make changes to the many call types when necessary to meet the various call response requirements.</p> <p>Tow truck drivers working for subcontractors can refuse an assignment⁴; Lincoln drivers cannot.</p>	<p>Could result in faster response times</p> <p>Potential Benefit Goal 2: Faster response</p>
Tow companies provide data to SPD Auto Records⁵ <p><i>The City could enhance efficiency even further by implementing an electronic interface between TOPS and TOWS</i></p>	<p>Vehicle Identification Number (VIN) was manually transcribed into hard copy records by the tow truck driver on-site or at the storage lot</p> <p>Tow companies faxed Notification of Vehicle Impound reports to SPD Auto Records; SPD Auto Records manually entered the report into SPD's TOWS database from a hard copy of the fax.</p>	<p>Tow truck operator can use Smartphone to scan Vehicle Identification Number (VIN).</p> <p>SPD Auto Records staff monitor TOPS-CMA in real-time, and download data on new impounds every 15-20 minutes; SPD prints the CMA reports and manually enters data into TOWS.</p>	<p>Reduces errors on impounded vehicle records</p> <p>Provides SPD Auto Records with real-time data on tows</p> <p>Benefit Achieved Goal 6. Real-time tracking</p>

⁴ Drivers who work for subcontractors may refuse an assignment for a variety of reasons. For example, they may: a) not have the experience level to handle a call safely; b) not be equipped to tow extremely heavy vehicles; c) be on another call for their employer; d) be fueling their trucks or on a break; or e) be near the end of their shift.

⁵ SPD Auto Records uses this data to track the location of all vehicles, search for registered owners, identify stolen vehicles and ensure the state and national databases are updated.

Task	System under old contracts	System under new contract	Benefit achieved or potential benefit
Tow companies document condition of vehicle before impound	Vehicle condition was assessed through visual observation and documented on lot inventory cards. Lincoln tow truck drivers carried disposable cameras, but these were generally only used in cases in which the vehicle had unusual damage. ABC tow truck drivers used digital cameras attached to their phones.	Tow truck driver's smartphones can photograph vehicles before they are hooked up to the tow truck, and upload the photographs directly to the TOPS database.	Reduces potential liability for damage claims against the contractor and provides magistrates access to more complete information Goal 9: Enhanced liability protection
Vehicle owners Identify the location of their vehicle	Called SPD Auto Records	Call Lincoln Towing Call SPD Auto Records Use website to search for vehicle by license number	Vehicle owners have easier access to more accurate information Goal 3: Faster and more reliable vehicle location
Seattle Municipal Court magistrates access to information	Magistrates relied on hard copy documents compiled by staff before each hearing	Magistrates have real-time access to information online through TOPS-CMA during hearings	Magistrates have easier and quicker access to more complete information upon which to base their decisions Goal 1: Customer Service

Task	System under old contracts	System under new contract	Benefit achieved or potential benefit
<p>City obtains billing data and data on performance indicators</p> <p><i>If monitoring procedures and the assessment of liquidated damages are implemented as planned, could result in greater accountability and transparency</i></p>	<p>City received two sets of monthly reports from two different contractors.</p> <p>Response times were not monitored by the City.</p>	<p>City receives one set of monthly reports</p> <p>City has access to performance data through TOPS-CMA. According to FAS, on a bimonthly basis, the City plans to review response time data and prepare an invoice to Lincoln for liquidated damages for tows that did not meet the contractually required performance standards. Lincoln Towing will then have 15 days from receipt of the invoice to appeal, in writing, any assessed liquidated damage.</p>	<p>Reduces administrative burden for the City</p> <p>Goal 7: Regular reporting of key performance data</p>

APPENDIX C

Audited Department Response



City of Seattle

Edward B. Murray, Mayor

Finance and Administrative Services

Fred Podesta, Director

MEMORANDUM

Date: May 13, 2014

To: David Jones, City Auditor
Jane Dunkel, Auditor-in-Charge
Cindy Drake, Assistant Auditor
Melissa Alderson, Audit Assistant

From: Fred Podesta, Director
Department of Finance and Administrative Services

Subject: FAS Response to City of Seattle RFP Process for Vehicle Impound Management Systems

First, on behalf of the Department of Finance and Administrative Services (FAS), I want to thank you for the opportunity to review, and respond to, the “City of Seattle RFP Process for Vehicle Impound Management Systems” draft audit report. We found the audit team to be courteous and professional as it conducted its review.

FAS concurs with the Auditor’s overall findings and believes that the report does an excellent job of highlighting the complications and consequences of moving from a service model that had multiple contractors serving six impound towing zones, to a model with a single contractor managing a network of subcontracted tow companies that serve the entire city. As the report suggests, FAS did not make decisions that affected the outcomes of either of the two solicitation processes without careful deliberation.

FAS staff are most interested in having the contract meet the Seattle Police Department’s (SPD’s) needs and protect those whose vehicles may have been impounded. We welcome the Auditor’s two recommendations and would like to offer comments regarding the following areas:

1. Management reports
2. Location of Lincoln Towing’s south storage lot
3. Liquidated damages

Management Reports

Now that the new contract has been in place for more than six months, it is an appropriate time to discuss the relevance and use of all management reports available through the Towing Operations Software Central Management Application (TOPS CMA). A majority of the reports available to the City staff were required in previous towing contracts and have been retained in the current one. Some reports are

intended for specific audiences (e.g., SPD's Auto Records Unit), while others are more general. Nevertheless, now that the City has the ability to search for information on specific vehicles and view impound requests in real time, we will discuss whether some of the reports no longer meet the City's business needs.

The City will also engage Lincoln Towing to discuss the reliability of data in the reports and to clarify how the various reports pull data from TOPS CMA so that the City understands any discrepancies and differences.

Location of Lincoln Towing's South Storage Lot

Shortly after the City's initial inspection of Lincoln Towing's south storage lot, the City notified Lincoln that it would monitor any complaints about lot location, accessibility, and similar issues submitted by customers redeeming their impounded vehicles. Since the contract began on Oct. 1, 2013, neither the City's Customer Service Bureau nor FAS' Consumer Protection Unit has received any customer complaints regarding the south storage lot. FAS will continue to monitor any complaints and address them with Lincoln as needed.

Liquidated Damages

In February 2014, FAS and SPD began reviewing response-time data and assessing liquidated damages against Lincoln Towing for impound requests (calls) where Lincoln or one of its subcontractors failed to meet a contractually required performance standard. The reviews and assessments occur twice per month; Lincoln has the opportunity to appeal any assessment. FAS and SPD will continue to monitor performance and assess liquidated damages as appropriate.

Again, thank you for the opportunity to review the draft audit report and provide comments. If you have any questions or would like additional information, please call me at 386-0041, or Matthew Eng at 684-8157.

cc: Denise Movius
Nancy Locke
Matthew Eng
Lisa Peyer

APPENDIX D

Office of City Auditor Mission Statement

Our Mission:

To help the City of Seattle achieve honest, efficient management and full accountability throughout City government. We serve the public interest by providing the City Council, Mayor and City department heads with accurate information, unbiased analysis, and objective recommendations on how best to use public resources in support of the well-being of Seattle residents.

Background:

Seattle voters established our office by a 1991 amendment to the City Charter. The office is an independent department within the legislative branch of City government. The City Auditor reports to the City Council and an audit committee, and has a four-year term to ensure her/his independence in deciding what work the office should perform and reporting the results of this work. The Office of City Auditor conducts performance audits and non-audit projects covering City of Seattle programs, departments, grantees, and contracts. The City Auditor's goal is to ensure that the City of Seattle is run as effectively and efficiently as possible in compliance with applicable laws and regulations.

How We Ensure Quality:

The Office's work is performed in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. These standards provide guidelines for audit planning, fieldwork, quality control systems, staff training, and reporting of results. In addition, the standards require that external auditors periodically review our office's policies, procedures, and activities to ensure that we adhere to these professional standards.