



CITY OF CARSON

Legislation Text

File #: 2022-609, Version: 1

Report to Mayor and City Council

Tuesday, July 19, 2022

Consent

SUBJECT:

CONSIDER APPROVAL OF AMENDMENT NO. 3 TO CITY OF CARSON TOWING AND STORAGE NON-EXCLUSIVE FRANCHISE AGREEMENT WITH KAM'S AUTOMOTIVE, INC., DOING BUSINESS AS FALCON TOWING, AND APPROVAL OF AMENDMENT NO. 1 TO THE CITY OF CARSON TOWING AND STORAGE NON-EXCLUSIVE FRANCHISE AGREEMENT WITH KRUGER TOWING, INC. FOR TOWING AND STORAGE SERVICES (CITY COUNCIL)

I. SUMMARY

Staff would like to request City Council approval to extend for six (6) months the two Non-Exclusive Towing and Storage Franchise Agreements, one to Falcon Towing ("Falcon") and the other to Kruger Towing ("Kruger"), to handle City of Carson-initiated towing and storage needs (excluding towing and storage requirements initiated by the Los Angeles County Sheriff's Department Carson Station). Both agreements provided that all non-cancelled tows requested by City will be dispatched on a one-to-one rotating basis between Falcon and Kruger.

II. RECOMMENDATION

1. APPROVE Amendment No. 3 to City of Carson Towing and Storage Non-Exclusive Franchise Agreement with Kam's Automotive, Inc. doing business as Falcon Towing extending the term to February 28, 2023; AND
2. APPROVE Amendment No.1 to City of Carson Towing and Storage Non-Exclusive Franchise Agreement with Kruger Towing, Inc. for towing and storage services extending the term to February 28, 2023; AND
3. AUTHORIZE the Mayor to execute both Amendment No. 3 and Amendment No. 1 after approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

On November 6, 2017, the City Council awarded two Non-Exclusive Towing and Storage Franchise Agreements, one to Falcon and the other to Kruger, to handle City of Carson-initiated towing and storage needs (excluding towing and storage requirements initiated by the Los Angeles County Sheriff's Department Carson Station). Both agreements provided that all non-cancelled tows requested by City will be dispatched on a one to one rotating basis between Falcon and Kruger. Both agreements were for three-year terms commencing September 2017 with two City options to extend for additional one-year periods. Both agreements required franchisees to pay an annual fee of \$25,000 and both operators made one payment to City in the amount of \$25,000 during the first year of the agreements.

The Falcon agreement, dated September 28, 2017, was to expire August 31, 2020; it was extended once to August 31, 2021 after City exercised its first option to extend. The Kruger agreement was terminated by Kruger a little more than one year into the agreement term. Both Falcon and Kruger were unable to pay the required full amounts of their respective fees owed due to various unforeseen and uncontrollable circumstances causing both operators to operate at a loss, as at that time Falcon was delinquent in the amount of \$75,000 and Kruger was delinquent in the amount of \$25,000.

The City exercised the second of its two options to extend the Falcon agreement for one year, thereby extending the Falcon agreement term to August 31, 2022, and entered into a new agreement with Kruger for a one-year term expiring August 31, 2022. On August 3, 2021, City Council approved the extension of the Falcon agreement and a new agreement with Kruger, to effectuate the same. In both instances, City treated the original 2017 agreements as though the annual franchise fee amount was \$5,000 instead of \$25,000 and in doing so, there was no franchise fee owed by either operator -- for Falcon, for the balance of the one-year term and for Kruger, for the one-year agreement term, as both operators were credited for the \$25,000 payments made in 2017.

As staff, with the assistance of the City Attorney's office, continues to explore adoption and implementation of a new tow franchise ordinance that will formally establish City's tow franchise program and provide codified regulations, staff would like to request the City Council to extend the two agreements for an additional six (6) months.

V. FISCAL IMPACT

There is no fiscal impact associated with this item.

VI. EXHIBITS

1. Amendment No. 3 with Falcon Towing
2. Amendment No. 1 with Kruger Towing

1.

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