

**AGENDA:** February 15, 2007

**TO:** Regional Transportation Commission/Service Authority for Freeway Emergencies  
**FROM:** Grace Blakeslee, Transportation Planner  
**RE:** Contract for Freeway Service Patrol Program on Highway 17

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**RECOMMENDATIONS**

Staff recommends that the Regional Transportation Commission serving as the Service Authority for Freeway Emergencies (SAFE) approve the attached resolution (Attachment 1) authorizing the Executive Director to negotiate and enter into an agreement with Ladd's Towing of Felton for Freeway Service Patrol (FSP) service on Highway 17 for the period of July 2007-July 2011.

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**BACKGROUND**

As the SAFE, SCCRTC operates the Freeway Service Patrol (FSP) program in Santa Cruz County. This program consists of two tow trucks patrolling Highway 1 from Highway 9 to State Park Drive and Highway 17 from Granite Creek Road to the Santa Clara County Line during weekday commute periods. The Highway 17 segment is also patrolled on Sundays from 1:00 pm to 7:00 pm all year round and Saturdays from 1:00 pm to 7:00 pm during the spring and summer tourist periods.

The primary goal of the FSP program is to reduce non-recurrent congestion caused by disabled vehicles, collisions and debris on urban freeways. The FSP program also provides a critical service to stranded motorists. FSP tow truck drivers are trained and supervised by the California Highway Patrol (CHP). The services offered by the FSP are free to the motorists.

In partnership with the California Highway Patrol (CHP), Caltrans and the Metropolitan Transportation Commission (MTC) SAFE, the SCCRTC SAFE has administered, implemented and funded the FSP Program on Highway 17 since 1994. The FSP Program is currently funded by a combination of State FSP and State Transportation Improvement Program (STIP) funds. The State FSP funds require a twenty five percent local match. Since FY 2000, SCCRTC has matched Caltrans funds by an average of sixty percent each year.

**DISCUSSION**

The current tow service contract for the FSP program on Highway 17 will expire in July 2007. Staff released a request for proposals (RFP) for FSP service on Highway 17 for the contract period of July 2007-July 2011 on September 29, 2006. Two tow contractors (Ladd's Towing of Felton and Lima's Towing of Campbell) submitted proposals for FSP services on Highway 17 by the deadline of November 9, 2006. Both Ladd's Towing and Lima's Towing are existing FSP towing contractors and meet the minimum requirements to participate in the FSP Program.

The Evaluation Committee, consisting of SCCRTC staff, CHP Tow Officer DaSilva and Caltrans representative, Paul McClintic, reviewed and evaluated the proposals based on the tow contractor's ability to provide FSP services on Highway 17, the company's ability to manage their company and FSP services, and the company's price proposal. In response to the Evaluation Committee's concerns and issues with their initial proposals, the contractors were provided the opportunity to submit revised proposals, which they did.

### Evaluation Committee Recommendation

The 2007 FSP Procurement was competitive. Both Ladd's Towing and Lima's Towing proposals demonstrated an ability to provide service in accordance with the FSP Standard Operation Procedures, a strong ability to manage their company and proposed a competitive hourly rate for services. The Evaluation Committee's visits to the contractor's place of businesses and interviews with the FSP managers further demonstrated that both companies would likely provide a high quality of service to the Santa Cruz FSP program.

The Committee concluded that Ladd's Towing would serve the Santa Cruz FSP Program best at this time due to their demonstrated performance as the FSP service provider on Highway 17 since 2004 and Highway 1 since 1999. Lima's has been an FSP service provider in the San Jose area for 1.5 years. In addition to Ladd's Towing experience providing FSP service on Highways 1 and 17, the company provided a competitive price for FSP service, has a strong customer service focus, employs high quality FSP drivers, emphasizes employee satisfaction to ensure low employee turnover and maintains close communication regarding FSP activities between FSP drivers and managers. References for the two companies were checked and while all of the reference checks were good for both companies, staff was able to communicate with only one reference for Lima's. The others were called more than once and calls were not returned. Ladd's Towing is a Felton based company that currently holds contracts with FSP, CHP Rotational Towing, California State Automotive Association and Cross County Motor club. **The Evaluation Committee and staff recommend awarding the 2007 FSP contract on Highway 17 to Ladd's Towing.**

Ladd's Towing cost per hour for FSP service on Highway 17 is \$62.86. This rate is consistent with the rates proposed for FSP service throughout the San Francisco Bay Area for the 2007 FSP Procurement and is 65 cents above the rate proposed by Lima Towing (\$62.21). Ladd's Towing rate for this contract is less than a one percent increase from the current Highway 17 FSP contract. The small increase may be attributed to the following: the spreading of fixed costs over a four rather than a three year contract period, the change in the tow fuel price policy from a set price to a variable fuel pricing system or the FSP program change which allows contractors to invoice the FSP program for pre-operation vehicle inspections up to 15 minutes.

### Hourly Rate and Variable Fuel Price

The monthly hourly rate for FSP service proposed by Ladd's Towing, \$62.86, assumes a fuel price of \$2.88. The hourly rate will be adjusted monthly to reflect the current average monthly fuel price per the new variable tow vehicle fuel price policy approved by the RTC in January 2007. The hourly rate will be recalculated based on the figures provided by Ladd's Towing in the Cost Breakdown ([Attachment 2](#)) to calculate the \$62.86 rate and inserting the current monthly average diesel fuel price for the Santa Cruz/San Francisco Bay Area. For example, using this methodology

the monthly hourly rate for January 2007 FSP service would have been \$62.97 reflecting an average monthly diesel fuel price of \$2.91 for the Santa Cruz/ San Francisco Bay Area.

### Mid-Term Negotiation

Mid-term negotiations are new to FSP contracts and are intended to address issues associated with an extended contract period. The mid-term negotiation for the contract will occur approximately two years into the four year contract. The purpose of this negotiation is to allow contractors to be properly compensated for costs that have greatly fluctuated since the start of the contract. Staff intends to negotiate items such as insurance, vehicle maintenance and workers compensation. Ladd's Towing has requested that employee wages also be included in the mid-term negotiations if Ladd's Towing is awarded the contract. The hourly rate will be renegotiated at that time, based on changes to the items mentioned above.

### Funding

There are adequate funds in the SCCRTC's budget for this contract assuming a 5% contingency rate. The contingency rate covers overtime costs and increases to hourly rates in response to the fuel price fluctuations.

Staff continues to recommend completely funding the FSP program as it provides one of the highest benefit-cost ratios of any transportation program. The draft FY04/05 benefit-cost ratio model developed by Caltrans in conjunction with FSP programs calculates a 19:1 average benefit-cost ratio for the Santa Cruz County FSP Program. The benefit-cost ratio considers response time, incident delays and delay savings which reflect the level of congestion relief provided by the FSP service.

## **SUMMARY**

As the regional SAFE, SCCRTC operates the Freeway Service Patrol (FSP) program in Santa Cruz County. The FSP program has one of the highest cost-benefit ratios for reducing congestion. The FSP program on Highway 17 contract is up for renewal. Staff recommends that the RTC award the FSP contract on Highway 17, to Ladd's Towing for the time period from July 2007-July 2011.

Attachment 1: Resolution Authorizing the Executive Director to Negotiate and Enter into a Contract for Freeway Service Patrol Services on Highway 17

Attachment 2: Ladd's Towing Cost Breakdown Proposal for Highway 17