



Agenda Item #: \_\_\_\_\_

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# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Cohen and Members of the City Council

**THROUGH:** Geoff Dolan, City Manager

**FROM:** Bruce Moe, Finance Director  
Steve Charelian, Revenue Services Manager

**DATE:** July 7, 2009

**SUBJECT:** Award of Five Year Taxicab Franchises to All Yellow, Bell, South Bay Yellow and United Independent Cab Companies to Provide Taxicab Services (First Year Revenue of \$136,950).

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### RECOMMENDATION:

Staff recommends that the City Council accept the Finance Subcommittee's recommendation to award four franchises to All Yellow Taxi (30 Cabs), Bell Cab (30 Cabs), South Bay Yellow Cab Cooperative (which includes Manhattan Yellow) (65 Cabs) and United Independent Cab (40 Cabs). Staff also recommends that Council authorize the City Manager to execute the agreements with each of the taxicab franchisees.

### FISCAL IMPLICATION:

The four franchises together will generate revenue of \$136,950 in the first year. In subsequent years, the franchise fee will be adjusted by the U.S. Department of Labor Consumer Price Index.

### BACKGROUND:

In 1998, Council implemented a franchise system which limits the number of taxicabs operating in Manhattan Beach. This limitation was imposed in response to Police Department concerns that the public's safety and welfare was being compromised due to the excessive number of taxi cabs trolling the streets in search of fares during certain days and hours (particularly in the Downtown and El Porto areas). Through the taxicab franchise system, we have been able to better control the manner and conditions under which taxis serving our community operate, as well as receiving additional revenue.

In 2005, through a competitive proposal process, City Council awarded three-year taxicab franchises to All Yellow Taxi, Bell Cab, South Bay Yellow Cooperative and United Independent Taxi. The four companies were authorized a total 165 cabs in Manhattan Beach. That franchise expired at the end of November 2008, at which time the contracts became month-to-month agreements. Renewal or solicitation of new proposals was postponed until Council direction on the issue of clean vehicle requirements was resolved.

In March 2009, Council considered the recommendation to award taxi franchises to the four companies listed above. At that time, Council asked for more information in two areas: 1) each franchisee's discount policy for seniors, and 2) the training drivers receive in dealing with elderly, disabled and/or patrons with ambulatory issues. The award of the franchises was postponed pending the receipt of that information. Staff queried each of the companies and received the written communications attached (Attachments B, C, D and E). In short, each of the taxi franchisees offers a ten percent (10%) discount to seniors, and each has training programs in place to address the varying needs of their clientele (disabled, seniors, etc.)

**DISCUSSION:**

In December 2008, the City Council adopted an ordinance requiring franchised taxicab companies to phase-in clean air vehicles. During the deliberations on the ordinance, the existing franchise companies requested that the City Council consider waiving the solicitation of proposals<sup>1</sup> and award them new franchises in recognition of past service, and for supporting the new clean vehicle requirements. Council was open to the concept, and instructed staff to work through the Finance Subcommittee to determine if acceptable terms could be obtained.

Negotiations with each of the companies were conducted, and we have agreements with the four incumbent franchisees, pending City Council approval. The Finance Subcommittee approved the contract awards and the financial terms. All companies have agreed to pay the City a franchise fee of \$830 per cab in the first year (unchanged from the prior franchise in recognition of the economy), which results in first year income of \$136,950. Subsequent annual franchise periods will be adjusted by a Consumer Price Index factor. The new franchise term will be five years, up from the prior three year term.

The taxicab allocation, which remains unchanged from the prior franchise, is as follows:

1. South Bay Yellow Cooperative (ASC) – 65 cabs
2. United Independent Taxi (United Taxi of the South-West) - 40 cabs
3. All Yellow Taxi – 30 cabs
4. Bell Cab – 30 cabs

As provided for in the Vehicle for Hire ordinance, the Police Chief has determined that 165 cabs is appropriate and will ensure adequate service availability.

If awarded this evening, the franchise period will begin on August 1, 2009 and run through July 31, 2014. Staff recommends Council authorize the City Manager to execute the agreements which have been reviewed and approved as to form by the City Attorney.

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<sup>1</sup> A competitive process for the franchises is not required by State law or by the City's Municipal Code. City Council may award franchises at their discretion.