



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

# Staff Report

## City of Manhattan Beach

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

**THROUGH:** Geoff Dolan, City Manager  
Bruce Moe, Finance Director

**FROM:** Sherry Morelan, Revenue Services Manager  
Steve Charelian, Revenue Services Specialist

**DATE:** November 1, 2005

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

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### **RECOMMENDATION:**

It is recommended 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 annually. This is an increase over the last three year franchise of \$38,400 per year, or \$115,200 for the franchise period.

### **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).

In March, 2002, 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 135 cabs in Manhattan Beach.

Since its inception, the taxicab franchise system has worked very well. We have been able to better control the manner and conditions under which taxis serving our community operate, as well as receiving additional revenue.

### **DISCUSSION:**

The three year franchise period came to a close on April 1, 2005. Staff solicited proposals from local taxicab companies. Four responses were received from each of the incumbent franchisees (All Yellow, Bell Cab, South Bay Yellow Cooperative and United Independent). No other responses were received.

At the April 26, 2005 Finance Subcommittee meeting the proposals were evaluated. Upon completion of the review, the Subcommittee instructed staff to negotiate the best possible terms with each of the cab companies.

Negotiations with each of the companies were recently concluded. The result is the allocation of taxicabs listed below. All companies have agreed to pay the City a franchise fee of \$830 per cab, per year for the three year term, which results in annual income of \$136,950.

1. All Yellow Taxi – (30 Cabs)
2. Bell Cab – (30 Cabs)
3. South Bay Yellow Cooperative – (65 Cabs)
4. United Independent Taxi - (40 Cabs)

The franchisees represent a total of four cab companies, and one hundred sixty-five cabs. The current franchise limit is 135 cabs, which is determined by the Police Chief based upon public convenience and necessity (as prescribed in the City's Vehicle for Hire Ordinance). However, based in part on the number of "bandit cabs" (non-City franchised cabs) operating in the City (substantiated in part by the number of citations issued) and requests for more cabs by the franchisees (presumably due to demand), the Chief has determined that 165 cabs is appropriate and will ensure adequate service availability.

If awarded this evening, the franchise period will begin on December 1, 2005 and run through November 30, 2008. Staff recommends Council authorize the City Manager to execute the agreements which have been reviewed and approved as to form by the City Attorney.