



September 30, 2008

**SUBJECT: AWARD OF TAXICAB FRANCHISE TO A ORANGE CAB INC.****REPORT IN BRIEF**

A taxicab franchise application and required fees have been received from A Orange Cab, Inc. Staff has conducted an investigation into the applicant's background as required by Municipal Code Section 5.36.050. After careful review, staff has determined that the applicant meets the mandatory code requirements as established. Staff recommends that A Orange Cab, Inc. be awarded a non-exclusive taxicab franchise for the period of December 29, 2008 through December 28, 2010, per applicant's request.

**BACKGROUND**

There are currently five valid taxicab companies franchised to operate within the City of Sunnyvale. They are Yellow Cab Co. Peninsula, A Orange Cab, A-1 Cab, Silicon Valley Checker Cab, and ACME Yellow LLC dba ACME Cab. A Orange Cab, Inc. has previously operated with a valid franchise agreement, which will expire on December 28, 2008.

A Orange Cab Inc. acknowledges and accepts the requirements of the Municipal Code as well as the taxicab franchise agreement. A Orange Cab, Inc. is also aware of the right of the City of Sunnyvale to revoke or suspend the taxicab franchise if it is determined that there is a violation or non-compliance of the terms contained in Municipal Code Section 5.36.

**EXISTING POLICY**

The term "non-exclusive franchise" as used in the Sunnyvale Municipal Code means that the city does not limit the number of like franchises in operation at one time. If an applicant meets the provisions as outlined in the Municipal Code, then the franchise to operate a taxicab service should be issued.

The City's non-exclusive franchise requirements are derived from Municipal Code Chapter 5.36. It is unlawful to operate any taxicab in the City unless the owner applies for and obtains a franchise to do so. The City Council may deny a franchise to any applicant if:

1. The applicant has been convicted of certain criminal offenses.

2. The proposed color scheme or other insignia may tend to confuse the identification with other franchises already operating within the city.
3. The applicant has been in violation of any law or Municipal Code regulation relating to the conduct of a taxicab business.
4. The applicant has had a taxicab license revoked or suspended in the City of Sunnyvale or any other jurisdiction within five years prior to the date of application.
5. Any other reasonable cause exists which, within the City Council's sound discretion would render the proposed operation undesirable to the City of Sunnyvale.

A franchise is issued for a term of two years. At the expiration of the term, the franchise is deemed expired and is no longer be valid unless a new franchise is issued under the provisions of Municipal Code Chapter 5.36.

### **DISCUSSION**

The owner of A Orange Cab, Inc. has submitted information and documentation to demonstrate compliance with each of the criteria identified in Municipal Code Chapter 5.36, as outlined below.

1. Local Contact Requirement – A Orange Cab Inc. has provided a toll-free telephone number to its dispatchers, together with sufficient phone lines to provide for prompt response to callers.
2. Vehicles – A Orange Cab is the registered owner of seven (7) company owned vehicles that have been identified for operation under this franchise. The taxicabs are identical in color schemes and markings; they are teal green with an orange stripe over the top with the company name in yellow lettering. The telephone numbers are printed in yellow on the side of the vehicle.
3. Taximeter – Each taxicab, which has been identified for operation under the franchise, is equipped with a taximeter which must be inspected annually by the Santa Clara County Sealer of Weights and Measures. Staff has been provided with compliance reports for the vehicles identified for this franchise agreement.
4. Insurance – A certificate of valid insurance has been provided from Y.A. Title Insurance & Financial Services in the amount of \$1,000,000 combined single limit, as well as \$1,000,000 Auto Liability Property Damage. This insurance will be in effect, with the City of Sunnyvale listed as Additional Insured, with a 30-day prior notice of cancellation

clause as required. The company understands that it may not operate without proper insurance. Staff reviewed the Certificate of Insurance and found that it meets the requirements of the Municipal Code.

5. Criminal History – A criminal history check of the applicant was conducted as required by code. The applicant has not been convicted of any felonies, narcotic violations, or crimes of moral turpitude as referenced in the Municipal Code.
6. Experience of Owner – The investigation has revealed that the applicant, Jorawar Singh, has been in the transportation business since 1999. He was previously a driver for West Valley Cab Company until recently when the company went out of business. He currently operates in Milpitas, Cupertino and Sunnyvale.
7. Personnel – Individual drivers were not identified in the application, but each will be required to obtain a taxicab driver's permit issued by the Department of Public Safety. The applicant is aware of the requirement to maintain five (5) permitted drivers while operating in the City of Sunnyvale. The applicant is also adhering to the random drug testing requirements as established by State Law and are utilizing Schlim, McCabe & Associates for his Medical Review Officer Services.
8. Fees – The applicant has paid the required franchise application fee of \$398.00. The applicant agrees to pay the quarterly vehicle fees that are due during the month following the quarter the agreement is signed and each quarter thereafter during the term of the franchise. The applicant has agreed to complete a Taxicab Franchise Questionnaire listing driver and vehicle information each quarter during the term of the franchise.
9. Fare Schedule – A Orange Cab, Inc. has agreed to adopt the City's fee schedule regulating taxicab fares.

### **FISCAL IMPACT**

Granting a taxicab franchise will have a minor fiscal impact relating to costs of monitoring the franchise for compliance. The revenue generated from this franchise due to application fees (\$398), quarterly vehicle fees (\$180 per vehicle per quarter), and the business license fee (\$35) is estimated to be approximately \$10,513.00 during the term of the agreement. This does not include revenue generated by the driver permits issued (\$108 per driver), as this amount fluctuates due to driver turn over during the term of the agreement. The associated fees do not represent full cost recovery for the overall program administration, primarily because costs are passed directly to drivers, making for a difficult balance between the need for service and the cost of regulation. Staff estimates the city annual subsidy of less than \$600 per

Franchise and \$700 per vehicle to be in the best interest of the city in maintaining taxi services to the community.

**PUBLIC CONTACT**

Public Contact was made through posting of the Council agenda on the City's official notice bulletin board, posting of the agenda and report on the City's web page, and the availability of the report in the Library, City Clerk's Office, Community Center, and Senior Center.

**ALTERNATIVES**

1. Introduce and adopt an ordinance awarding a non-exclusive franchise for taxicab service to A Orange Cab, Inc, for the period December 29, 2008 through December 28, 2010 per applicant's request, and authorize the City Manager to execute necessary documents of agreement.
2. Do not introduce or adopt an ordinance awarding a non-exclusive franchise to A Orange Cab, Inc. for the period of December 29, 2008 through December 28, 2010, per applicant's request.

**RECOMMENDATION**

Staff recommends Council approves alternate #1.

Reviewed by:

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Don Johnson, Chief, Department of Public Safety  
Prepared by: Rachel Vasquez, Sr. Office Assistant

Approved by:

Amy Chan  
City Manager

**Attachments**

- A. Non-exclusive Franchise Ordinance
- B. Taxicab Franchise and Agreement