



September 30, 2008

SUBJECT: AWARD OF TAXICAB FRANCHISE TO YELLOW CHECKER CAB CO., INC. DBA CHECKER CAB OF SILICON VALLEY**REPORT IN BRIEF**

A taxicab franchise application and required fees have been received from Yellow Checker Cab Co., Inc., DBA Checker Cab of Silicon Valley. 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 Checker Cab of Silicon Valley be awarded a non-exclusive taxicab franchise for the period of October 19, 2008 through October 18, 2010, per applicant's request.

BACKGROUND

There are currently five valid taxicab companies franchised to operate within the City of Sunnyvale. They are Yellow Checker Cab Co., Inc., DBA Checker Cab of Silicon Valley, A Orange Cab, A-1 Cab, Yellow Cab Co. Peninsula, Inc., and ACME Yellow LLC DBA ACME Cab. Yellow Checker Cab Co., Inc., DBA Checker Cab of Silicon Valley has previously operated with a valid franchise agreement, which will expire on October 18, 2008. They have requested and been granted an extension to continue operations until a new ordinance is awarded pursuant to section 5.36.120 of the Municipal Code.

Yellow Checker Cab Co., Inc., DBA Checker Cab of Silicon Valley acknowledges and accepts the requirements of the Municipal Code as well as the taxicab franchise agreement. Yellow Checker Cab Co., Inc., DBA Checker Cab of Silicon Valley 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

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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 Checker Cab of Silicon Valley 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 – Yellow Checker Cab Co., Inc., DBA Checker Cab of Silicon Valley has provided a toll-free telephone number to its dispatchers, together with sufficient phone lines to provide for prompt response to callers.
2. Vehicles – Yellow Checker Cab Co., Inc., DBA Checker Cab of Silicon Valley is the registered owner of thirty-nine (39) company owned vehicles that have been identified for operation under this franchise. The taxicabs are identical in color schemes and markings; they are orange with the company name in yellow lettering on the door and checkerboards on the front fenders. The telephone numbers are on the rear fender.
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.

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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 ISU Insurance Services of Irvine DBA Norton Ins, Services, in the amount of \$1,000,000 general liability, as well as \$1,000,000 Auto Liability/Property/Bodily Injury. 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 per 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, Larry Silva, is the president of the company and has been in the taxi industry for 25 years. He currently operates Yellow Checker Cab Co., Inc., DBA as Checker Cab of Silicon Valley in the south bay area, providing service to the San Jose International Airport as well as the Valley Transportation Authority.
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 is utilizing Schlim, McCabe and 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 – Checker Cab of Silicon Valley 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 \$60,500 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 Checker Cab of Silicon Valley for the period of October 19, 2008 through October 18, 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 Checker Cab of Silicon Valley for the period of October 19, 2008 through October 18, 2010, per applicant's request.

RECOMMENDATION

Staff recommends Council approves alternate #1.

Reviewed by:

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

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Approved by:

Amy Chan
City Manager

Attachments

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