

Tuesday March 4, 2003

Honorable Mayor and Members of
The Hermosa Beach City Council

Regular meeting of
March 11, 2003

**REQUEST TO AWARD AN EXCLUSIVE TAXICAB FRANCHISE JOINTLY TO
ALL YELLOW TAXI AND ADMINISTRATIVE SERVICES CO-OP
(DBA SOUTH BAY YELLOW CAB)**

RECOMMENDATION

Staff recommends that Council:

1. Award an exclusive taxicab franchise jointly to All Yellow Taxi of Gardena, California and Administrative Services Cooperative (dba South Bay Yellow Cab) of Gardena, California.
2. Authorize the City Manager to negotiate and execute a franchise agreement with All Yellow Taxi and Administrative Services Cooperative to provide exclusive taxi service to the City of Hermosa Beach on the terms set forth in the RFP and as described in their joint proposal.

BACKGROUND

At its regular meeting of September 24, 2002, the City Council approved a Request for Proposal (RFP) document to initiate the process for the selection of a taxicab franchise for the City of Hermosa Beach. On or about October 1, the Request for Proposal (RFP) was sent out to the local cab companies. A pre-proposal conference was held on October 17, 2002 to answer any concerns or questions from the potential vendors. All proposals were due on November 7, 2002. A total of three proposals were received from Bell Cab Company of Hawthorne, California; United Independent Taxi of Los Angeles; and a joint proposal from All Yellow Taxi and South Bay Yellow Cab (Administrative Services Co-op) both located in Gardena, California. Staff evaluated each of the written proposals and conducted on-site inspections of the proposers' facilities on December 9-10, 2002.

A complaint was lodged by one of the proposers, asserting that the RFP did not allow the filing of a joint proposal. Under the advice of the City Attorney and ratified by the City Council on January 28, 2003, in order to assure fairness in the process, all of the proposals were rejected and staff was directed to once again re-publish the franchise proposal. A new RFP was drafted and advertised during the month of February, among other things, clarifying the issue as to whether joint proposals could be submitted with a due date of February 27, 2003. Three proposals were again submitted from the same companies, all substantially the same as originally received on November 7, 2002.

ANALYSIS

Staff was impressed with each of the proposals that were submitted. All of the proposals were well-prepared and well-written, meeting or exceeding all of the requirements outlined in the City's request for proposals. Each of the companies appeared to be successful, experienced businesses operating taxis throughout the

greater Los Angeles area. Staff further found that each company's facility appeared to be large enough, properly maintained and staffed to support its operations. Each facility had its own dispatch center to service customers and adequate training programs to train cab drivers. Each company charges the same rates to its customers and each company is using state of the art technology for dispatching calls, including mobile digital terminals in each cab. Staff felt that each company demonstrated that it had the experience and capability to provide taxi services to the City of Hermosa Beach in accordance with the City's requirements.

However, of the three proposals, staff felt that the joint proposal submitted by All Yellow Taxi and South Bay Yellow Cab of Gardena was superior to the other two proposals for the following reasons:

- Bell Cab and United Independent Taxi submitted bids in the amount of \$1000 per cab (the minimum amount required in the RFP) to operate in the City. All Yellow Taxi and South Bay Yellow Cab submitted a bid amount of \$1200 per cab, up to 140 cabs, if the City awarded them an exclusive franchise.
- South Bay Yellow Cab had by far the most impressive facility of all those toured by Staff. It appeared to be a much more modern facility, with a very large auto maintenance yard and body shop to maintain its taxi fleet. All Yellow Taxi also had in-house auto maintenance facilities at its shop. Bell Cab and United Independent Taxi have all of their maintenance done off-site by subcontractors.
- Staff was impressed that All Yellow Taxi and South Bay Yellow Cab, two previously non-affiliated companies, had chosen to combine their efforts and submit a joint proposal to provide taxi services to the City. This joint proposal should alleviate the concerns expressed by Council members over awarding a franchise to a single company. The awarding of this franchise agreement to this single proposal is in essence awarding the contract to two companies that have more than adequate taxi fleets to meet the needs of Hermosa Beach. In the unlikely event that one of the companies could not perform, the other company could easily take over.
- South Bay Yellow Cab currently administers the taxi voucher program for the City. South Bay has done a very good job with the program and has been very responsive to City and participant concerns.
- All Yellow Taxi provided letters of reference from the Sea Sprite Motel, Holiday Inn Express, Beach House, Hotel Hermosa, Trilogy Spa, South Bay BMW, and The Bottle Inn Restaurant, all businesses in Hermosa Beach. Staff was also approached by the manager of the Beach House, who gave an oral endorsement for All Yellow Taxi.

Staff did have one concern in regard to this joint proposal. Though All Yellow Taxi and South Bay Yellow Cab provided staff with their "Joint Venture Agreement," it is clear from the document that both companies are and intend to remain competitors within the City, as they are elsewhere, and that their operations will remain entirely separate, but for their joint relationship with the City. It is possible that any difficulties that may arise between the two companies, either in their operations in the City or in other jurisdictions

could have a deleterious effect on their ability to provide a fully integrated, seamless and efficient service in the City. Though Staff has no specific cause for believing that this problem will develop, the fact remains that the two companies are competitors and have litigated against each other in the past.

On balance, Staff believes that the joint proposal submitted by All Yellow Taxi and South Bay Yellow Cab of Gardena California is superior, and recommends awarding an exclusive taxicab franchise to those companies.

FISCAL IMPACT

If the franchise agreement is awarded solely to All Yellow Taxi and South Bay Yellow Cab, their proposal of 140 licensed cabs at the rate of \$1200 per cab would generate \$168,000 in annual revenue. The amount of revenue generated from the taxi permits for FY 2001-02 was approximately \$91,000.

Respectfully submitted,

Concur:

MICHAEL LAVIN, CHIEF OF POLICE
HERMOSA BEACH POLICE DEPARTMENT

STEPHEN BURRELL
CITY MANAGER

Fiscal Impact:

Viki Copeland, Finance Director