



Thursday, July 27, 2006

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Public Works
RECOMMENDATION FOR COUNCIL ACTION

ITEM No. 42

Subject: Approve an ordinance awarding a taxicab franchise to ABCABCO, INC., d/b/a LONE STAR CAB COMPANY, CAPITAL CITY CAB COMPANY or GREEN EAGLES, INC., d/b/a LONGHORN CAB COMPANY, as chosen by lottery pursuant to Section 13-2-309(C) of the City Code, to operate a taxicab service in the City; and waiving the provisions of Section 13-2-309(B) of the City Code establishing the maximum number of permits that may be allocated to a franchise applicant.

Amount and Source of Funding: The taxicab permit fee of \$400 per year per permit is a revenue source. Expected annual revenue is \$22,000.

**Additional Backup
Material**

(click to open)

[Ordinance](#)

For More Information: Morris Poe, 974-1562; Laura Bohl, 974-7064.

Prior Council Action: May 25, 2006, by Resolution No. 20060525-051

On June 8, 2006, the City Council directed staff to set aside 55 taxicab permits to create a new taxicab franchise and to process applications as quickly as possible.

Applications for a new taxicab franchise have been submitted by ABCABCO, Inc., d/b/a Lone Star Cab Company, Capital City Cab Company, and Green Eagles, Inc., d/b/a Longhorn Cab Company. The Public Works Department has reviewed the applications and finds the applicants qualified to obtain a taxicab franchise. Each applicant has proposed to provide citywide service 24 hours a day, seven days a week. Each applicant proposes to use equipment that will meet the standards of the City Code. Each applicant has provided information supporting its financial ability to provide the proposed service.

Section 13-2-309 of the City Code provides for the City Council to grant one or two additional taxicab franchises when there have been fewer than five taxicab franchise holders for five consecutive years, and the department has determined that at least one additional permit is necessary. The Code authorizing the City Council to allocate up to 50 permits to an applicant if these conditions exist. The limit on the number of permits must be waived if the City Council decides to grant 55 permits to the successful applicant. Three permits have been reserved for a new franchise and the remaining 52 permits will be borrowed from the future permit growth. The City Council must award a franchise by lottery since three qualified applicants have applied for the single franchise to be granted.

The City Manager and staff have concerns about borrowing permits from the future but recommend approval to grant a franchise to one of the applicants to provide the drivers with more opportunities for company choice.

The successful applicant will be selected by the Mayor drawing one name from a container including the names of each of the qualified applicants. An ordinance containing the franchise agreement has been prepared and is ready for first reading. The ordinance must be read at three separate meetings. The third and final reading cannot occur until 30 days after the first reading.

ORDINANCE NO. _____

1 AN ORDINANCE AWARDDNG A FRANCHISE TO _____,
2 TO OPERATE A TAXICAB SERVICE IN THE CITY OF AUSTIN FOR FIVE
3 YEARS; AND WAIVING THE REQUIREMENTS OF SECTION 13-2-309(B) OF
4 THE CITY CODE RELATING TO THE MAXIMUM NUMBER OF PERMITS
5 WHICH MAY BE ALLOCATED.

6
7 BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

8
9 **PART 1. WAIVER.**

10 The 50 permit allocation limitation Section 13-2-309(B) (*Granting of Taxicab*
11 *Franchise Under Certain Circumstances*) of the City Code is waived.

12 **PART 2. FRANCHISE GRANT.**

13 The city council awards a franchise to operate a taxicab business on the streets,
14 alleys and public ways in the City of Austin to _____, ("franchise
15 holder") for a five-year period.

16 **PART 3. FLEET SIZE.**

17 The franchise holder must maintain an active fleet of at least 25 and not more than
18 55 taxicabs. This taxicab allocation may be amended during the course of the franchise.

19 **PART 4. COMPLIANCE WITH CITY CODE.**

20 The franchise holder shall comply with the provisions of the City Code relating to
21 ground transportation services and all amendments to those provisions during the period
22 of the taxicab franchise.

23 **PART 5. MAINTENANCE OF RECORDS.**

24 The franchise holder shall maintain complete records of all dispatched calls, all
25 expenses incurred in connection with the operation of the taxicab service business, and all
26 revenues derived from the taxicab business.

1 **PART 6. INSPECTION OF RECORDS.**

2 The franchise holder shall permit the Public Works Department to inspect all
3 records of this franchise in accordance with Section 13-2-306(D) (*Recordkeeping*
4 *Requirements*) of the City Code.

5 **PART 7. TAXICAB OWNERSHIP, LEASE, OR CONTROL.**

6 The franchise holder shall own, lease, or contract for control of each taxicab used
7 in the taxicab franchise.

8 **PART 8. ANNUAL FRANCHISE PERMIT FEE.**

9 The franchise holder shall pay an annual franchise permit fee of \$400 for each
10 vehicle authorized in this franchise to the City of Austin at the office of the Director of
11 the Public Works Department. This fee may be amended by the city council during the
12 effective period of the franchise.

13 **PART 9. SUSPENSION.**

14 (A) The city manager may suspend this franchise upon a determination that the
15 franchise holder has:

- 16 (1) substantially breached the terms of this franchise;
17 (2) failed to comply with the provisions of the City Code relating to ground
18 transportation services, as amended;
19 (3) become delinquent in the payment of any fees or charges required by
20 law in connection, directly or indirectly, with the operation of the
21 franchise holder's taxicab business;
22 (4) failed to comply with a correction order issued to the franchise holder
23 within the time specified in the order; or
24 (5) intentionally or knowingly impeded the city manager or a law
25 enforcement agency in the performance of their duties.

26 (B) If the city manager suspends this franchise, the franchise holder may submit a
27 written request to the city manager requesting reinstatement of the franchise,
28 stating the grounds supporting a reinstatement. After receipt of a request for
29 reinstatement, the city manager shall inspect the suspended franchise holder's
30 operation to determine whether the franchise holder has corrected the
31 deficiency that is the basis of the suspension. The city manager may approve
32 or deny reinstatement after the inspection.

- 1 (C) If the city manager denies reinstatement of the franchise, the franchise holder
2 may file an appeal of the city manager's decision with the city clerk not later
3 than the 14th day after notice of the denial. The city clerk shall place the
4 appeal on the next city council agenda.

5 **PART 10. FORFEITURE.**

- 6 (A) The franchise is subject to forfeiture if:

- 7 (1) the franchise holder is convicted of a violation of a provision of the City
8 Code relating to ground transportation services during the period of the
9 taxicab franchise;
10 (2) it is shown that the taxicab franchise holder has substantially breached
11 the terms of this franchise; or
12 (3) the franchise holder fails to pay an outstanding final judgment against
13 the franchise holder that arises out of circumstances related to ground
14 transportation service.

- 15 (B) On receipt of a report from the city manager that probable cause exists for the
16 cancellation and forfeiture of the franchise, the city council shall hold a
17 hearing, after a 30-day notice to the franchise holder, to determine if cause
18 exists to cancel the franchise. If the city council finds at the hearing that cause
19 exists to cancel the franchise, it may cancel the franchise after the hearing.

20 **PART 11. FRANCHISE CONDITIONS**

21 The franchise holder shall, no later than ten days before the Effective Date, provide
22 the following to the Public Works Department:

- 23 (A) proof of insurance as required by Section 13-2-34 (*Insurance Required*) of the
24 City Code;
25 (B) demonstration of ability to receive calls for service at franchise holder's
26 dispatch facility;
27 (C) demonstration of ability to dispatch calls and communicate with franchise
28 holder's taxicabs at franchise holder's dispatch facility; and
29 (D) demonstration that each authorized franchise permit is assigned to a vehicle
30 meeting the standards described in Chapter 13-2, Article 3, Division 5
31 (*Vehicles and Equipment*) of the City Code.

1 **PART 12. FRANCHISE ACCEPTANCE.**

2 The franchise holder shall file its written acceptance of the terms of this ordinance
3 with the city clerk not later than the (60th day after the city council's adoption of this
4 ordinance).

5 **PART 13. EFFECTIVE DATE.**

6 This ordinance becomes effective on the (61st day after the city council's adoption
7 of this ordinance), unless the franchise holder fails to meet all requirements in Part 11
8 (*Franchise Conditions*) or fails to file its written acceptance of this ordinance as required
9 by Part 12 (*Franchise Acceptance*). If the franchise holder fails to meet the requirements
10 or fails to file the written acceptance, this ordinance is void.

11 **PART 13.** This ordinance takes effect on _____, 2006

12 **PASSED AND APPROVED**

13
14
15
16 _____, 2006

17 Will Wynn
18 Mayor

19
20
21 **APPROVED:**

22 David Allan Smith
23 City Attorney

24 **ATTEST:**

25 Shirley A. Gentry
26 City Clerk