



DATE: September 28, 2011

TO: Honorable Mayor and City Councilmembers

FROM: Financial Services Department

SUBJECT: **CONSIDERATION OF A PETITION TO MODIFY THE EXISTING FRANCHISE AGREEMENT TO OPERATE TAXICABS IN THE CITY OF OCEANSIDE SUBMITTED BY NORTH COUNTY TRANSPORTATION SERVICES COOPERATIVE, INC., OF OCEANSIDE, AND TO REQUEST TO MODIFY THE CITY CODE TO ACCOMMODATE THE CHANGE**

SYNOPSIS

Staff recommends that the City Council adopt a resolution denying the petition by North County Transportation Services Cooperative, Inc. (NCTS Coop) to modify City Code and existing Franchise Agreement to convert Oceanside Transportation Services LLC (Yellow Cab) to a full stock cooperative, because there is no public convenience and necessity that requires this action.

BACKGROUND

Currently, the City has two authorized taxicab companies, Oceanside Transportation Services, LLC (Yellow Cab of Oceanside) and 24/7 taxicab. Both companies have existing franchise agreements with the City of Oceanside. Yellow Cab of Oceanside's franchise agreement expires in June 2014 and 24/7's franchise agreement expires in June of 2013.

Yellow Cab is authorized to operate a maximum of sixty-five taxicabs and 24/7 is authorized to operate a maximum of thirty. Combined, City Council has authorized the operation of up to ninety-five taxicabs. Yellow Cab has been issued thirty-nine permits and 24/7 has been issued sixteen permits for a combined total of fifty-one. This leaves forty-four authorized permits available for use by these companies.

After several discussions and meetings with executive management at Yellow Cab of Oceanside, the City received a petition in May 2011 from North County Transportation Services Cooperative, Inc. (NCTS Co-op) to convert the existing business to a co-op operating taxicabs. The petition outlines that the new company established in January 2011, represents a business model change for Yellow Cab of Oceanside.

The co-op model allows for multiple shareholders in the company. The current franchisee, Yellow Cab of Oceanside, is the founding member of the co-op, and would

manage the day-to-day operations for the co-op. The model allows for drivers to invest in the co-op expanding their interest in the success of the co-op, the service provided and the condition of the vehicles.

The petition proposes vehicles will retain the current color scheme of all yellow with black lettering and the company phone number in red. The petition requests a maximum of sixty-five taxicabs which is the maximum in the current franchise agreement with Yellow Cab of Oceanside.

The proposed operational hours would be twenty-four hours per day, seven days per week. The co-op could utilize Yellow Radio Service for the centralized dispatch services but could also use independent phone services for dispatching.

The proposed rates are as follows:

\$ 2.40 flag drop

\$ 2.60 per mile

\$20.00 per hour wait time

Because NCTS Co-op is a newly formed entity, no financial statements were submitted with the original petition. Financial statements for the first quarter of 2011 for the founding member of the co-op, Yellow Cab of Oceanside, were provided.

Additionally, the required proof of insurance coverage that was provided in the petition was not for NCTS Co-op. The insurance information provided was also for the existing operator.

ANALYSIS

As indicated in the petition to operate, the Co-op business model is not accommodated by the existing City Code or the City's standard taxicab franchise agreement. There is a substantial amount of research and language development required to appropriately update the City Code based on the co-op business model.

Chapter 35 of the Oceanside City Code and the standard taxicab franchise agreement are designed to work with a single owner/operator of an authorized taxicab company. The co-op model presented in the petition, has multiple shareholders in the company. Although the petition states that there will continue to be one point of contact for City regulatory issues, the petition lacks any legal references and/or support that the co-op is responsible for all actions of its members and/or lessees.

Chapter 35, Section 35.26 of current City Code, limits the sale of stock to no more than fifty percent of the company stock. With the co-op model, more than fifty percent of the shares will be sold, which would constitute termination of the business and nullify authorization to operate.

In Chapter 35 Section 35.90 the safe operation and maintenance of each vehicle is the sole responsibility of the authorized operator. This responsibility is once again focused

on a single entity. In the proposed co-op petition, the recommended change is to have this responsibility changed to the “authorized member”. This indicates that multiple entities would be responsible for safe operation and maintenance of vehicles.

The Code also stipulates in Chapter 35, Section 35.52, that the drivers must be employees or lessees of the authorized operator. To accommodate the co-op model, this would need to be changed to the “authorized member” since there will be multiple members running their own businesses within the co-op. This again increases the number of entities the City could potentially need to contact in enforcing the regulations of the City Code.

Additionally, in Chapter 35, Section 35.87 stipulates that vehicle operations must be conducted only in the name granted by City Council. With multiple shareholders, there will be multiple businesses and/or individuals registering vehicles with the Department of Motor Vehicles and promoting their specific business under the umbrella of the co-op.

The standard taxicab franchise agreement would need to be modified on the same points as the City Code since the agreement is compatible to the City Code.

With the request for amending the City Code and the franchise agreement, to accommodate the co-op model, staff reviewed how other agencies regulate taxicabs. Throughout the State many regional transportation agencies are authorized to regulate taxicabs on behalf of the local entities. North County Transportation District (NCTD) has a taxicab regulatory section with plans to expand operations in approximately two to three years. Transferring regulatory authority to NCTD provides an excellent opportunity for reducing City responsibilities. If this were to be pursued, the City would be compelled to modify the City Code. The benefit to the operators with regional regulation is that authorization to operate via NCTD could cover the entire North County. Thus, operators would only need to have a relationship with one agency and have one set of regulations for all of North County.

The two current authorized taxicab companies have a combined total of 55 additional permits they could request at any time. If the market demand was high, either company could easily request and meet the demand by adding one or two more vehicles. If demand for service increased, we would expect that these companies would be issued more permits. Because the number of permits issued has not changed significantly, it seems reasonable to conclude that the two companies are meeting the current demand for services.

Both currently authorized companies are reporting that they are exceeding the service standards outlined in their franchise agreements. The table below summarizes both companies' quarterly reports for the past four quarters. The numbers indicate that calls for service are being responded to in a timely manner. This is another indicator that the service needs are being met by the authorized providers.

Annual Number of Calls	Percentage Picked up within 20 Minutes	Percentage picked up within 35 minutes
54,968	89.46%	98.47%

Authorized companies are also required to report customer complaints and the City occasionally receives complaints. There have been no complaints reported by the companies and less than 5 complaints to the City in the last reporting year. The almost complete lack of complaints indicates that the customers are satisfied with the services being provided.

With existing franchise agreements currently meeting the needs of the customers, and the potential to transfer regulatory responsibility, review and update of the City Code is better suited when the current franchise agreements near the end of their term.

Because the insurance information and financial statements in the petition are for the current operator, the information for the proposed operator does not meet with the requirements of the City Code.

Further, the Police Chief is not of the opinion that the petition demonstrated public convenience and necessity pursuant to Sections 31.10(h) and 35.11 of the City Code. This finding is based on several of the items previously discussed as listed below:

- The City Code does not permit business operations as outlined in the petition to operate.
- Current authorized operators demonstrating they are meeting the current service demands.
- The ability of current authorized operators to expand operations to meet any increase in service demand.
- Unable to evaluate the financial responsibility because this is a newly formed entity.

FISCAL IMPACT

No fiscal impact if the petition is denied. If the Council were to consider approval of the petition, the City would recognize a fiscal impact dependent upon the length of the agreement and number of vehicles permitted annually.

COMMISSION OR COMMITTEE REPORT

The Taxicab Committee, including representatives from the Police Department, Code Enforcement, Planning, Parks & Recreation, City Manager and Finance, with the City Attorney's office acting as legal advisor to the committee, are recommending denial of the petition.

CITY ATTORNEY'S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Consideration of the matter should be based on the testimony and evidence presented at the hearing. After conducting the public hearing, the Council shall affirm, modify or deny the petition. In order to grant the petition, the City Council must determine that the public convenience and necessity require the operation proposed by the applicant. The City Council shall take into consideration the public demand for such service, the adequacy or inadequacy of service being rendered by other carriers, the effect of such service upon traffic, the financial responsibility of the applicant, the character of equipment proposed to be furnished, and any and all other facts which the City Council may deem relevant.

RECOMMENDATION

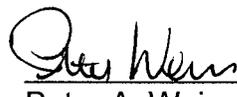
Staff recommends that the City Council adopt a resolution denying the petition by North County Transportation Services Cooperative, Inc. (NCTS Coop) to modify City Code and existing Franchise Agreement to convert Oceanside Transportation Services LLC (Yellow Cab) to a full stock cooperative, because there is no public convenience and necessity that requires this action.

PREPARED BY:



Sheri Brown
Revenue Manager

SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager
Teri Ferro, Financial Services Director
Frank McCoy, Police Chief







Attachments:

1. Petition Information
2. Chief of Police Memorandum
3. Resolution



May 16, 2011

Ms. Sherri Brown
Revenue and Business Activity Manager
City of Oceanside

SUBJECT: APPLICATION FOR A FRANCHISE AGREEMENT

Currently, Yellow Cab of Oceanside/North County already operates under an existing Franchise Agreement between Oceanside Transportation Services, LLC, and the City of Oceanside (09-D0203-1, 4/1/09 (16)). Per our previous conversations, Oceanside Transportation Services is converting their existing business to a cooperative model under the name North County Transportation Services Co-op (NCTS Co-op). The attached application basically transfers the franchise agreement from one entity to the other.

The requested change will require a few minor amendments to the Section 35 of the Oceanside Code of Ordinances. Those changes are highlighted in the application with footnotes. In addition, the typical Franchise Agreement will also need to be amended to incorporate the following changes:

- The franchise agreement will be between the City of Oceanside and the NCTS Co-op.
- Modify Franchise Agreement Section 6.C – Second sentence to read "All vehicles shall be owned by the Company or authorized members of the Cooperative."
- Modify Franchise Agreement Section 6.F – to read "The safe operation and maintenance of each vehicle is the sole responsibility of the Company, or its members and drivers."
- Modify Franchise Agreement Section 6-H – second sentence to read "Notwithstanding the age of the vehicle, it is the responsibility of the Company or the members of the cooperative to maintain all vehicles in a safe operating condition."

Please find attached the completed application and the \$25 application fee. Please let me know if there is anything else you need or if there is anything I can do to facilitate the process.

Thank you,

A handwritten signature in black ink, appearing to read "Sharon Geraty", is written over a printed name.

Sharon Geraty
VP Operations

Yellow Cab of Oceanside/North County

624 Camelot Drive • Oceanside, CA 92054 • 760-722-4217

ARTICLE II. PERMIT TO OPERATE

Section 35.10

- b) **If a corporation, its name, date and place of incorporation, address, with cross streets, of its principal place of business, and the names of all its officers together with their respective addresses.**

North County Transportation Services Cooperative, Inc. is a cooperative corporation organized under the California Consumer Cooperative Corporation Law. The Cooperative was formed on January 19, 2011 and filed by the Secretary of the State of California on January 20, 2011. (Attachment A)

NCTS Co-op is located at the management offices of Oceanside Transportation Services at 624 Camelot Drive, Oceanside, CA 92054. Currently there are two officers of the company who serve in the capacities set forth opposite their names below:

Michael Casey President

David Koscielak Chief Financial Officer and Secretary



State of California Secretary of State

N

Statement of Information

(Domestic Nonprofit, Credit Union and Consumer Cooperative Corporations)

Filing Fee: \$20.00. If amendment, see instructions.
IMPORTANT - READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

1. CORPORATE NAME

North County Transportation Services Cooperative, Inc.

This Space for Filing Use Only

Due Date:

Complete Principal Office Address (Do not abbreviate the name of the city. Item 2 cannot be a P.O. Box.)

2. STREET ADDRESS OF PRINCIPAL OFFICE IN CALIFORNIA, IF ANY	CITY	STATE	ZIP CODE
3473 Kurtz Street	San Diego	CA	92110
3. MAILING ADDRESS OF THE CORPORATION, IF REQUIRED	CITY	STATE	ZIP CODE
3473 Kurtz Street	San Diego	CA	92110

Names and Complete Addresses of the Following Officers (The corporation must list these three officers. A comparable title for the special officer may be added; however, the preprinted titles on this form must not be altered.)

4. CHIEF EXECUTIVE OFFICER/	ADDRESS	CITY	STATE	ZIP CODE
Michael Casey	3473 Kurtz Street	San Diego	CA	92110
5. SECRETARY	ADDRESS	CITY	STATE	ZIP CODE
David Koscielak	3473 Kurtz Street	San Diego	CA	92110
6. CHIEF FINANCIAL OFFICER/	ADDRESS	CITY	STATE	ZIP CODE
David Koscielak	3473 Kurtz Street	San Diego	CA	92110

Agent for Service of Process (If the agent is an individual, the agent must reside in California and Item 8 must be completed with a California street address (a P.O. Box address is not acceptable). If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 8 must be left blank.)

7. NAME OF AGENT FOR SERVICE OF PROCESS			
Kevin DeSantis			
8. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL	CITY	STATE	ZIP CODE
101 West Broadway, Suite 1700	San Diego	CA	92101

Davis-Stirling Common Interest Development Act (California Civil Code section 1350, et seq.)

9. Check here if the corporation is an association formed to manage a common interest development under the Davis-Stirling Common Interest Development Act and proceed to Items 10, 11 and 12.

NOTE: Corporations formed to manage a common interest development must also file a Statement by Common Interest Development Association (Form SI-CID) as required by California Civil Code section 1363.6. Please see instructions on the reverse side of this form.

10. ADDRESS OF BUSINESS OR CORPORATE OFFICE OF THE ASSOCIATION, IF ANY			
11. FRONT STREET AND NEAREST CROSS STREET FOR THE PHYSICAL LOCATION OF THE COMMON INTEREST DEVELOPMENT (Complete if the business or corporate office is not on the site of the common interest development)			
12. NAME AND ADDRESS OF ASSOCIATION'S MANAGING AGENT, IF ANY			

13. THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT.

5/23/11
DATE

Michael Casey
TYPE/PRINT NAME OF PERSON COMPLETING FORM

CEO/President
TITLE

[Signature]
SIGNATURE

3352091

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

JAN 20 2011

ARTICLES OF INCORPORATION
OF
NORTH COUNTY TRANSPORTATION SERVICES COOPERATIVE, INC.
A California Cooperative Corporation

ONE: The name of this Corporation is North County Transportation Services Cooperative, Inc.

TWO: This Corporation is a cooperative corporation organized under the California Consumer Cooperative Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

This Corporation is organized to conduct business primarily for the mutual benefit of the Corporation's members by providing administrative and other services and assisting in regulatory compliance in connection with transportation operations.

THREE: The name and address in the State of California of this Corporation's initial agent for service of process is:

Kevin DeSantis
Butz Dunn & DeSantis, APC
101 West Broadway, Suite 1700
San Diego, CA 92101

FOUR: The voting rights of each member of the Corporation are equal, and each member of the Corporation is entitled to one vote, regardless of the number of shares owned by such member. The proprietary interests of each member of the Corporation are equal.

Dated: January 19, 2011


Christopher J. Walt, Incorporator

ERNEST J. DRONENBURG, JR.
 RECORDER/COUNTY CLERK
 COUNTY OF SAN DIEGO
 1600 PACIFIC HIGHWAY, SUITE 260
 P.O. BOX 121750, SAN DIEGO, CA 92112-1750
 (619) 237-0502



2011-014067

MAY-12-2011

FILED
 Ernest J. Dronenburg, Jr.
 SAN DIEGO COUNTY CLERK
 FEES: 45.00
 EXPIRES: MAY-12-2016
 DEPUTY: JEFFREY

PLEASE PRINT/TYPE INFORMATION
 AND RETURN ENTIRE FORM

A certified copy of this statement will
 be provided after filing.

Each Additional Copy is \$2.00 Extra
 Would you like additional copies?

Yes No. of Copies _____ No

FORM INSTRUCTIONS ON NEXT PAGE

\$ 30.00- FOR FIRST BUSINESS NAME ON STATEMENT
 \$ 5.00- FOR EACH ADDITIONAL BUSINESS NAME
 FILED ON SAME STATEMENT AND DOING
 BUSINESS AT THE SAME LOCATION
 \$ 5.00- FOR EACH ADDITIONAL OWNER IN EXCESS
 OF ONE OWNER

FICTITIOUS BUSINESS NAME STATEMENT

(1) FICTITIOUS BUSINESS NAME(S):

- a. Yellow Cab of North County
- b. Yellow Cab of Oceanside

(2) LOCATED AT: 624 Camelot Drive / Oceanside / CA / San Diego / 92054
Street Address (P.O. Box not acceptable) City State COUNTY Zip
 Mailing Address 3473 Kurtz Street, San Diego, CA 92110

(3) THIS BUSINESS IS CONDUCTED BY:

- (Optional)
- A. An Individual
 - B. Husband and Wife
 - C. A General Partnership
 - D. A Limited Partnership
 - E. Joint Venture
 - F. A Corporation
 - G. A Trust
 - H. Co-Partners
 - I. A Limited Liability Company
 - J. Limited Liability Partnership
 - K. An Unincorporated Association-Other than a Partnership
 - L. State or Local Registered Domestic Partners

(4) THE FIRST DAY OF BUSINESS WAS: January/19/2011 OR IF NOT YET STARTED, CHECK HERE

(5) THIS BUSINESS IS HEREBY REGISTERED BY THE FOLLOWING:

#1 North County Transportation Services Co-op Inc.

Owner's, Partner's, Trustee's Name or Corporation/LLC Name
 3473 Kurtz Street
 Residence/Corporation/LLC Street Address/PO Box not allowed
 San Diego CA 92110
 City State Zip
 California
 Corporation or LLC - Print STATE of Incorporation/Organization

#2

Owner's, Partner's, Trustee's Name or Corporation/LLC Name
 Residence/Corporation/LLC Street Address/PO Box not allowed
 City State Zip
 Corporation or LLC - Print STATE of Incorporation/Organization

#3

Owner's, Partner's, Trustee's Name or Corporation/LLC Name
 Residence/Corporation/LLC Street Address/PO Box not allowed
 City State Zip
 Corporation or LLC - Print STATE of Incorporation/Organization

#4

Owner's, Partner's, Trustee's Name or Corporation/LLC Name
 Residence/Corporation/LLC Street Address/PO Box not allowed
 City State Zip
 Corporation or LLC - Print STATE of Incorporation/Organization

I declare that all information in this statement is true and correct (A registrant who declares as true information which he or she knows to be false is guilty of a crime.)

(6) (Signature of Registrant)

Michael Casey

(Print name)

President

(Corp/LLC print Title)

THIS STATEMENT WAS FILED WITH THE RECORDER/COUNTY CLERK OF SAN DIEGO COUNTY AS INDICATED BY THE FILE STAMP ABOVE.
 NOTICE - THIS FICTITIOUS NAME STATEMENT EXPIRES FIVE (5) YEARS FROM THE DATE IT WAS FILED IN THE OFFICE OF THE COUNTY CLERK. A NEW
 FICTITIOUS BUSINESS NAME STATEMENT MUST BE FILED BEFORE THAT TIME.
 THE FILING OF THIS STATEMENT DOES NOT OF ITSELF AUTHORIZE THE USE IN THIS STATE OF A FICTITIOUS BUSINESS NAME IN VIOLATION OF THE RIGHTS OF
 ANOTHER UNDER FEDERAL, STATE, OR COMMON LAW (SEE SECTION 14411 ET SEQ BUSINESS AND PROFESSIONS CODE).
 IT IS THE RESPONSIBILITY OF THE REGISTRANT TO DETERMINE THAT THE FICTITIOUS BUSINESS NAME SELECTED WILL NOT VIOLATE
 ANOTHER'S RIGHTS ESTABLISHED UNDER THE LAW.

Yellow Cab of Oceanside/North County

624 Camelot Drive • Oceanside, CA 92054 • 760-722-4217

d) The trade name or style, if any, under which the applicant proposes to, operate;

Yellow Cab of Oceanside and Yellow Cab of North County has one color scheme which is our trademark yellow with black lettering with the exception of the telephone number which is red. The name Yellow Cab will appear on all cars within the fleet. (Attachment B)

2011-014067

MAY-12-2011

FILED

Ernest J. Dronenburg,
SAN DIEGO COUNTY CLERK

FEES: 45.00

EXPIRES: MAY-12-2016

DEPUTY: JPECHAN

(1) FICTITIOUS BUSINESS NAMES CONTINUED

c. North County Yellow Cab

d. Oceanside Yellow Cab

e. _____

f. _____

g. _____

h. _____

i. _____

j. _____

k. _____

l. _____

m. _____

n. _____

o. _____

p. _____

q. _____

r. _____

s. _____

t. _____

u. _____

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e) **The extent, character and quality of operations, which shall include, but not be limited to:**

1) Description of how the operation works, number of years in business

North County Transportation Services Cooperative (NCTS Co-op) is a newly formed operating cooperative comprised of individual members who have a share or ownership in the cooperative. Each owner of a taxicab in the fleet is a shareholder, or “member,” with each share allowing the operation of one taxi under the trade style and color of the cooperative under the common trade name Yellow Cab¹. All vehicles will be registered in under the name of the authorized member of the Co-op.²

Under the cooperative model, the permittee (NCTS Co-op) will sell shares to interested parties who wish to become part of the cooperative and adhere to and abide by all regulatory requirements, and share in operating costs and benefits. Eventually more than 50% of the shares will be held by individual shareholders or members of the cooperative³. All members pledge to deliver exceptional taxicab service and to maintain a caliber of service that safeguards the business of the cooperative and the shareholders’ investment.

One of the benefits of this business model is that it provides a small business opportunity for a driver or individual to attain a level of ownership that otherwise would not have been available or affordable to them. The best driver is an owner driver as it allows them to be part of a business with an established infrastructure, stable customer base, and an advanced communications system. Drivers who become owners are known to provide a different level of service when pride of ownership is involved. They receive an equity partnership and as observed in Los Angeles and other cities with similar business models, it attracts experienced professionals who want to further their career in the taxi business. In turn, the City and its citizens receive a better and safer level of service with the same strong management they have enjoyed for many years.

Yellow Cab has been serving the citizens of Oceanside and the entire North County for over 80 years and will continue to do so under the cooperative business model. Oceanside Transportation Services LLC which took over ownership of Yellow Cab operations on May 6, 2004, is the founding member, or shareholder of the NCTS Co-op. The day to day operations will continue seamlessly and the same management team will remain in place,

¹ This action will require an amendment to the Oceanside California Code of Ordinances, Chapter 35, Section 35.52, to allow drivers to be lessees of a permittee or an authorized member.

² This action will require an amendment to the Oceanside California Code of Ordinances, Chapter 35, Section 35.87, to allow vehicles to be registered in the names of the authorized members of the Co-op

³ This action will require an amendment to the Oceanside California Code of Ordinances, Chapter 35, Section 35.26 to allow a permittee, under the Cooperative model, to sell shares.

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with the same point of contact, the same marketing personnel, and the same communications center that has always helped Yellow Cab serve the community so well.

Yellow Cab enjoys the financial stability it needs to meet all its fiscal obligations and management and operating demands. In addition to fiscal stability, Yellow Cab has one of the most respected and experienced management teams in the United States. With a strong presence in national and regional groups and organizations, the current management team has over 75 years combined experience in the taxicab/paratransit industry.

Yellow Cab operates twenty-four hours a day, seven days per week, and 365 days per year. Currently Yellow Cab is authorized to have a fleet of 65 vehicles, and this application requests to maintain the status quo and authorize the same amount of vehicles authorized to operate in the City of Oceanside.

Recently, we were awarded funding from the New Freedom Act for the purchase of 4 wheelchair accessible taxicabs to service persons with disabilities in the urban areas of the North County with a primary emphasis on Oceanside. We look forward to introducing these vehicles into the Yellow Cab of Oceanside/North County fleet by late summer or early fall depending on our funding partners.

Dispatch

Yellow Cab utilizes the technical expertise of Yellow Radio Service for all its communication needs. Yellow Radio Service uses an electronic GPS based dispatch system for dispatching trips via a mobile data terminal (MDT) situated in each vehicle. Our local technical ability to manage the fleet includes the use of an in-house comprehensive computerized street database of the entire San Diego County. The database has been refined to include computerized geographical zones and all the landmarks (i.e., hotels, transportation depots, office buildings, medical facilities, stores, and attractions) located throughout the county.

Taxicab trips or fares occur through different sources. The first and primary source of a potential fare is through the use of an automated dispatch center taking inbound call requests generally made by the public and corporate accounts. When a customer makes a call, it is routed through the Communications Department at Yellow Radio Service which is considered as the central point of contact for the customers, the drivers, and the passengers. It is considered the vital link that brings them all together. It is the general policy of Yellow Radio Service to act as the voice of the company and to make a good first impression.

The Customer Service Agents are required to adhere to a script to create a standardized form of call taking. When a customer calls in for a trip, the call enters the Televantage call center queue where it is automatically routed to the first available Customer Service Agent (CSA). If all Customer Service Agents are busy answering other requests, the system places the incoming call into a queue and plays a pleasantly recorded message advising the caller that their call will be served by the next available agent.

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Customer Service Agents confirm all passenger information and the trip information at the time of the initial call. When a passenger boards the vehicle, the driver sends this information to the Digital Dispatch System computer with the engaging of the meter.

The second most common source of potential fares is through what the industry calls flags. This is where a customer flags or waves down a taxicab on the street or in front of a commercial establishment. These calls are not routed through the communication center; however, data is still collected on the computer in terms of time stamps.

The third source of potential fares is at taxi stands, or areas designated specifically for taxicab pickups usually in front of restaurants or hotel. The last, but not final form of trip dispatch is through the use of what we call "personals." Drivers operate as independent contractors and are free to establish their own clientele. Often, customers become comfortable with certain drivers and are free to exchange phone numbers thereby passing the call center and contacting the driver directly for their transportation needs.

2) The area to be covered

Although Yellow Cab of Oceanside/North County services the entire county north of Solana Beach, Yellow Cab of Oceanside primarily services the City of Oceanside and Camp Pendleton. Yellow cab utilizes zone based dispatching. What this means is that the entire county is divided into individual zones based on area density, historic trip information and geographical and topographic considerations. Zone parameters correspond with grids from the Thomas Brothers Guides, and addresses are continuously updated and repopulated from the address database.

3) Kind and extent of service, other areas of service

Yellow Radio Service takes great pride in providing excellent customer service to all members of the community. Not only do the passengers benefit from timely processing of calls and prompt service; Yellow Cab benefits from happy repeat customers. Monitoring and adhering to dispatch response time standards has been an integral part of Yellow Radio Service's daily business operations since inception. The management team reviews the statistics on a daily basis and reports are distributed on a weekly basis with more in-depth reports being issued monthly.

Per the City of Oceanside franchise requirements, the minimum service level for Dispatch Response Time Standards is as follows:

- Service response for immediate and advance reservation telephone calls is within 20 minutes 80% of the time and within 35 minutes 96% of the time.
- A minimum of 90% of requested trips will be serviced.

Yellow Cab of Oceanside/North County are proud to offer certain amenities to our customers not offered by any other cab company in the entire county. In addition to the convenience of offering booklets of taxi vouchers that we call Scrip, we also offer the convenience of a TaxiCard. TaxiCards are a prepaid, reusable debit type card with an electronic swipe. Any dollar amount can be applied to the card up front and the balance

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can be conveniently increased with a simple phone call or through our online interface. The cards work just like money without the hassle of finding the right amount of cash or getting change. Now, customers can check their balances online and also increase their balances from the comfort of their homes or offices. Yellow Cab offers a 10% discount to our senior community on the purchase of any prepaid TaxiCard or Scrip.

Another amenity, exclusive to Yellow Cab, is the ability to text for a cab on any cell phone with texting capabilities. This new feature allows for fast ordering for those customers who are on the move and don't have time to wait in a busy phone queue. Now instead of calling for a cab, a customer can simply text their pickup address to 777222 at no extra charge other than their normal texting rate they have with their phone provider.

Yellow Cab also has an easily recognizable phone number to call into Yellow Cab dispatch. Now, from any of the three area codes within San Diego County, a customer simply has to remember to dial 444-4444.

The most recent amenities are the ability of the public to book a trip through an app called Taxi Magic on their Android, Blackberry or iPhone that allows the customer to find a cab and pay for the ride from their phone. The system is in the works in 40 cities and recently went live in San Diego County.

In May, we launched another app based amenity that not only allows a client to automatically hail a cab from either their phone or their computer; it also allows them to see exactly where their cab is as it approaches. Currently, this feature is in the pilot testing phase and available to only some corporate accounts, but we hope to have it for the entire north county in the foreseeable future.

In the future, and based on the economy, Yellow Cab will be installing Passenger Information Monitors (PIMs). PIMS provide an enhanced interactive experience by using an integrated multimedia terminal with the capability of providing taxi passengers with a variety of valued information such as maps, news, city sights, taxi regulations and much more. Most significantly the PIM provides the ability for taxi passengers to perform credit card and TaxiCard transactions without the need to hand their card to the taxi driver, giving added security.

4) Declaration of rates

Yellow Cab of Oceanside Rates of Fare:

\$2.40 flag drop

\$2.60 per mile

\$20.00 per hour waiting time

All vehicles will be equipped with taximeters that have been sealed by the Sealer of the County of San Diego. All taximeters will be placed in a fashion that allows a clear view by the passenger and at no time will the passenger be asked or be required to pay more than is reflected on the official meter.

Yellow Cab of Oceanside/North County

624 Camelot Drive • Oceanside, CA 92054 • 760-722-4217

5) Proof of Insurance

Currently, Yellow Cab has A+ rated insurance coverage with Mercury Casualty. John Burnham Insurance Company is our local broker who can validate our insurance history. Please refer to the following document for Proof of Insurance (Attachment C). Yellow Cab of Oceanside shall maintain in full force and effect bodily injury and property damage insurance naming the City as additionally insured as required by the Oceanside City code, Section 35.3.

6) Copies of any lease or subcontract arrangements for operation for file information.

The following lease agreement (Attachment D) is used between the lessee (self employed businessperson) and lessor and is signed for a term agreed to by both parties.

f) The number, type, model, capacity and condition of the vehicles proposed to be operated;

Yellow Cab of Oceanside/North County is authorized to have a fleet of 65 vehicles operating within the City of Oceanside. Currently, as reflected in the following chart (Attachment E), there are only 30 vehicles actually operating in Oceanside proper. Economic and competitive factors have dictated the amount of cabs management has decided to place on the road in Oceanside. However, the flexibility to advance to 65 cabs is a benefit should the economy demand more service.

All vehicles operating as part of the Cooperative are Ford Crown Victoria, Chevrolet Astro and Chevrolet Uplander vans or other vehicles commonly used for taxicab operations with no vehicle exceeding seven years of age. All vehicles shall be operated safely and the maintenance shall be the sole responsibility of the shareholder or member of the cooperative and will be registered under the name of the shareholder or authorized member of the cooperative.⁴ All vehicles will be kept in good operating order and the interiors and exteriors will be kept clean, neat and in attractive condition. Any vehicle in need of repair or maintenance of body damage, dents, broken glass, torn upholstery, bad stains, etc., will be taken out of service until repaired.

Yellow Cab of Oceanside will meet all vehicle standards as set forth by the City of Oceanside and pursuant to the California Vehicle Code.

⁴ This change will require an amendment to the Oceanside California Code of Ordinances, Chapter 35, Section 35.90 (c), to read that the safe operation and maintenance of each vehicle is the sole responsibility of the permittee or authorized member.

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
03/14/2011

PRODUCER
BB&T-John Burnham Ins Services
 750 B Street Suite 2400
 San Diego, CA 92101
 619 231-1010

INSURED
Oceanside Transportation Services, LLC
 dba: Yellow Cab of North County
 4373 Kurtz Street
 San Diego, CA 92110

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Mercury Casualty Company	11908
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS								
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$								
A		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	CCA0009326	03/21/2011	03/21/2012	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$								
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$								
		EXCESS / UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$								
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under SPECIAL PROVISIONS below				<table border="1"> <tr> <td>WC STATU-TORY LIMITS</td> <td>OTH-ER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td>\$</td> </tr> </table>	WC STATU-TORY LIMITS	OTH-ER	E.L. EACH ACCIDENT	\$	E.L. DISEASE - EA EMPLOYEE	\$	E.L. DISEASE - POLICY LIMIT	\$
WC STATU-TORY LIMITS	OTH-ER													
E.L. EACH ACCIDENT	\$													
E.L. DISEASE - EA EMPLOYEE	\$													
E.L. DISEASE - POLICY LIMIT	\$													
		OTHER												

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as additional insured as their interest may appear.
 Certificate is subject to policy limits, conditions and exclusions.
 Veh# 42 - 2004 Ford Cab #529 TAXI VIN# 2FAFP71WX4X101352 CA
 License Plate #: 8S28282; Coverages -
 (See Attached Descriptions)

CERTIFICATE HOLDER

City of Oceanside
 Attn: Jackie Bickford
 300 North Coast Highway
 Oceanside, CA 92054

CANCELLATION

10 Days for Non-Payment

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Masoud Shaban

TAXICAB LEASE AGREEMENT

THIS AGREEMENT is made and entered into at Oceanside, California, this _____ day of _____, 20____, by and between _____ LESSOR, herein referred to as VEHICLE OWNER ("VEHICLE OWNER"), and _____, the leasing party ("YOU"), residing at _____, with respect to the following facts:

- a. The VEHICLE OWNER is the owner of a share in North County Transportation Services Cooperative, Inc., a California corporation (the "CO-OP"). Ownership of said share gives the VEHICLE OWNER the right to operate or taxicab under trade name and trade style of the CO-OP within the CO-OP's service area. The VEHICLE OWNER is the owner of the leased taxicab and is the holder of all rights and responsibilities in connection therewith.
- b. Certain municipalities have given the CO-OP the right to operate taxicabs within their jurisdictions, and the CO-OP has given the VEHICLE OWNER the right to lease the VEHICLE OWNER's taxicab to YOU; and
- c. YOU represent to the VEHICLE OWNER that YOU possess a safe place to garage the leased taxicab when not in use, and that YOU are a careful and qualified driver, are a licensed driver by the State of California and are licensed as a taxicab driver by the municipality in which you intend to operate the leased taxicab. YOU, after inspecting the taxicab and considering the rental fee therefor, desire to lease the taxicab and other services from the VEHICLE OWNER, under the terms and conditions set forth herein.

In consideration of the mutual promises and covenants of the parties contained herein, the parties have agreed as follows:

1. Term. The VEHICLE OWNER agrees to lease the taxicab to YOU as a self-employed businessperson for the term agreed to by both parties pursuant to Schedule A, attached hereto and made a part of this Agreement. The lease shall be renewed automatically for the same term agreed to in Schedule A by YOUR acceptance of a taxicab and the delivery by the VEHICLE OWNER. The charges and other terms on Schedule A are subject to change at renewal of each lease period. The period of time during which this Agreement is in force is the "TERM."
2. Change of Vehicle. This Agreement shall continue in full force and effect for as long as YOU lease a taxicab from VEHICLE OWNER, including in the event that (a) YOU lease a different taxicab from VEHICLE OWNER, or (b) the VEHICLE OWNER replaces the leased taxicab.
3. Car and Equipment. The VEHICLE OWNER agrees to furnish YOU with a taxicab in good working order and equipped with a taximeter, radio and any other equipment as required by any state, county or local ordinance regulating taxicabs. The taxicab will be delivered to YOU with a full tank of gas at the inception of the lease TERM.
4. Services. The CO-OP shall make available to YOU as the authorized Leasing Party of the taxicab the use of the computerized dispatching and telephone order service in the event that YOU desire to receive referrals from said service. YOU are not required to participate in the computerized dispatch system, and YOU warrant and represent that any decision to use or not use the computerized dispatch system is a business decision that YOU make at YOUR own risk. YOU agree to complete and submit to the CO-OP daily trip sheet forms if required by local ordinances. If YOU accept authorized scrip or credit vouchers from passengers, the CO-OP agrees to redeem such scrip and credit vouchers for cash or credit at face value less a handling fee as established from time to time.
5. Participation in Voucher Program. YOU have read the Voucher Purchase Agreement between CO-OP and Administrative Services SD, LLC, a California limited liability company ("hereafter ASSD") and agree that its terms shall govern the purchase of any vouchers from YOU. Without limiting the foregoing, YOU specifically understand and agree:
 - 5.1 YOU may only tender to ASSD vouchers for trips for customers included at the time of the trip on the list of Qualified Customers maintained by ASSD.
 - 5.2 YOU may only sell vouchers for trips where YOU were advised by ASSD at the time that the trip was ordered that ASSD would accept a voucher for that trip (a "Qualifying Trip").

- 5.3 To induce ASSD to buy vouchers from YOU, and with full knowledge that the truth and accuracy of the following are being relied upon by the ASSD in determining whether to accept each voucher, YOU agree that YOUR tender of a voucher to ASSD shall be deemed a representation by YOU that all of the following are true and correct with respect to that voucher:
- that voucher is owned by YOU, free of any and all liens, security interests and encumbrances, and YOU have full legal right to sell, transfer and assign that voucher, and have not previously sold, assigned, transferred, or pledged any rights in that voucher;
 - that voucher represents the legitimate charge (without including any tip) from a Qualifying Trip provided by YOU for an identified Qualifying Customer in the amount stated on the face of that voucher (the "**Face Amount**"); and
 - that voucher has been fully and correctly completed, and the Face Amount is presently due and owing to YOU and is not in dispute and there are no defenses, offsets, or counterclaims against that voucher, and no agreement has been made with YOU under which the customer may claim any deduction or discount from the Face Amount.
- 5.4 **Purchase and Sale.** Effective upon acceptance by ASSD of a voucher, ASSD shall be the absolute owner of each purchased Qualifying Voucher and YOU will only be entitled to receive credit for the Applicable Percentage of the Face Amount of the Qualifying Voucher. If ASSD has a question in good faith with respect to whether any Voucher is a Qualifying Voucher, it may delay acceptance and credit of the Purchase Price for a reasonable period.
- 5.5 **Power of Attorney.** ASSD shall have the right of endorsement, and also the right to require endorsement by YOU on all payments received in connection with each voucher purchased hereunder and YOU hereby irrevocably appoint ASSD and its successors and assigns as YOUR true and lawful attorney in fact, and hereby authorize ASSD, (a) to sell, assign, transfer, pledge, compromise, or discharge the whole or any part of any purchased voucher; (b) to demand, collect, receive, sue, and give releases to any customer for the monies due or which may become due upon or with respect to the purchased voucher and to compromise, prosecute, or defend any action, claim, case or proceeding relating to the purchased voucher, including the filing of a claim or the voting of such claims in any bankruptcy case, all in ASSD's name or my name, as ASSD may choose; (c) to prepare, file and sign YOUR name on any notice, claim, assignment, demand, draft, or notice of satisfaction of lien or mechanics' lien or similar document with respect to any purchased voucher; (d) to notify all customers with respect to any purchased voucher to pay ASSD directly; (e) to receive, open, and dispose of all mail addressed to YOU for the purpose of collecting the proceeds from any purchased voucher; (f) to endorse YOUR name on any checks or other forms of payment on any purchased voucher; (g) to execute on YOUR behalf any and all instruments, documents, financing statements and the like to perfect ASSD's interests in any purchased voucher; and (h) to do all acts and things necessary or expedient, in furtherance of any such purposes.
- 5.6 **Full Liability for Breaches.** YOU understand that acceptance of a voucher by ASSD, regardless of any facts which were known or should have been known to ASSD, shall not constitute a waiver of any of YOUR representations, warranties or covenants, and no agent of ASSD shall have any power to waive any such representation, warranty or covenant. In the case of any breach of any of YOUR representations, warranties or covenants, or any third party claim or a breach, with respect to any Voucher purchased hereunder, (any such Voucher, a "**Disqualified Voucher**") ASSD may, at its option, either (i) require YOU to pay to ASSD in cash the Face Amount (together with amounts under Section 5.7 as applicable) of all YOUR known Disqualified Vouchers; (ii) have ASSD debit YOUR account and pay to ASSD, the Face Amount (together with amounts under Section 5.7 as applicable) of all YOUR known Disqualified Vouchers (which YOU authorize ASSD to do); or (iii) collect whatever may be collected in its good faith judgment with respect to the Disqualified Voucher and collect any shortfall from the Face Amount (together with amounts under Section 5.7 as applicable) from YOU in cash or by credit against YOUR account with ASSD. Until ASSD receives the full Face Amount of all YOUR known Disqualified Vouchers through one or more of these sources, ASSD shall remain the absolute owner of any purchased Disqualified Vouchers with the right to collect and apply any proceeds thereunder without any liability except for actions taken in bad faith. ASSD has no duty to seek to collect on any Disqualified Voucher.
- 5.7 **Interest.** If any amount owed by YOU hereunder is not paid when due, such amounts shall bear interest at 10% per annum. In addition, YOU will pay to ASSD immediately upon demand all fees, costs and expenses (including fees of

attorneys and professionals and their costs and expenses) that ASSD incurs in connection with any breach by YOU YOUR representations, warranties or covenants hereunder.

5.8 Exclusivity. Promptly after the conclusion of a Qualifying Trip, and in any case not less often than once a week YOU will deliver to ASSD all Qualifying Vouchers for purchase by ASSD. YOU will not retain or make any arrangements for financing any Qualifying Vouchers.

6. Rental Fee. YOU shall pay the VEHICLE OWNER in advance the rental and other charges set forth in Schedule A. YOU agree to pay late charges as specified in Schedule A in the event the rental fee is not paid on time.
7. Daily Inspection of Taxicab by YOU. YOU agree that, upon receipt of the leased taxicab and thereafter at the beginning of each day, YOU will inspect the condition of the leased taxicab, including the brakes, headlights, taillights, turn signals, all other equipment and fluids, including oil level. YOU shall immediately report any defects or other objections to the VEHICLE OWNER.
8. YOUR Return of Taxicab. YOU agree to return the taxicab to the VEHICLE OWNER upon the expiration of YOUR lease with full tank of gasoline and in the same condition as when delivered to YOU, except for reasonable wear and tear. Time is of the essence.
9. YOUR Responsibility for Damage to Vehicle. Except for reasonable wear and tear, YOU agree to compensate the VEHICLE OWNER for any theft or damage to the taxicab or its equipment regardless of fault up to a maximum of \$3,000.00. YOU grant the VEHICLE OWNER the right to wholly or partially recoup any amounts owed by YOU to the VEHICLE OWNER from YOUR security deposit or by other methods of collection, including by resort to legal process.
10. Services Related to Vehicle. The VEHICLE OWNER will furnish, without cost to YOU, routine repair and maintenance services: tires, and anti-freeze necessary for the continued operation of the leased taxicab. As used herein, "routine" services do NOT include repairs caused by your neglect of the vehicle or your failure to have the vehicle serviced in accordance with the manufacturer's specifications. The VEHICLE OWNER shall provide towing service at no cost to YOU, unless towing is made necessary by YOUR fault, in which case YOU shall pay for the towing expense. In the event of mechanical or other problems during the lease TERM, YOU may not recover any lost profits or other consequential damages from the VEHICLE OWNER, except as provided for in paragraph 12 of this Agreement.
11. YOU Pay for Gasoline and Oil. YOU shall be responsible for purchasing all gasoline used while YOU have possession of the leased taxicab. YOU shall also be responsible for maintaining at YOUR own expense the correct amount of oil in the engine while YOU have possession of the taxicab.
12. Insurance. The VEHICLE OWNER is furnishing only third party liability insurance with regard to the taxicab in a sum not less than is required by law. YOU acknowledge and agree that the VEHICLE OWNER is neither responsible for, nor liable for, any injury to YOU resulting from the use or operation of the taxicab, or for third party liability in excess of the limits of coverage required by law, which excess is YOUR responsibility. YOU may, at YOUR option, purchase insurance coverage to protect YOU from liability in excess of the limits of coverage on the policy provided by the VEHICLE OWNER. YOU must give immediate notice to the dispatcher and VEHICLE OWNER of any accident, loss or incident in which YOU or the taxicab is involved, and give notice of same as soon as possible to the VEHICLE OWNER'S insurance company or adjusting facility. The VEHICLE OWNER will cooperate in giving this notice.

At YOUR option, YOU may provide liability insurance in compliance with local regulations against claims made by third parties arising from YOUR use of the cab in an amount and with an insurance carrier(s) satisfactory to the VEHICLE OWNER and naming the VEHICLE OWNER and CO-OP as additionally insured parties. If YOU choose this option, YOU agree to submit to VEHICLE OWNER and CO-OP a certificate of said insurance and providing that said insurance cannot be canceled without thirty (30) days' prior written notice to VEHICLE OWNER. The rental fee set forth in Schedule A shall be renegotiated to a lesser amount if YOU provide the liability insurance.
12. Early Cancellation of Lease. The VEHICLE OWNER and YOU agree that this Agreement shall not be cancelled prior to the end of the lease TERM or subsequent renewal TERM as set forth in paragraph 1 of this Agreement. However, notwithstanding any

other paragraph of this Agreement, either party may cancel this Agreement (or any subsequent renewal thereof) at any time, without advance notice, in the event that the other party defaults on or breaches any provision of this Agreement.

YOU understand and acknowledge that a breach of this Agreement shall include, but not be limited to, any of the following conduct:

- (a) YOU drive the leased taxicab while under the influence of any alcoholic beverage or illegal drug;
 - (b) YOUR California driver's license or municipal taxicab driver's license is suspended or revoked, or expires;
 - (c) YOUR driving record becomes an unacceptable insurance risk to the insurance carrier providing coverage on the VEHICLE OWNER's vehicles;
 - (d) YOU engage in reckless or dangerous driving or YOU otherwise jeopardize the safety of a passenger, pedestrian or the driver of another motor vehicle;
 - (e) YOU are involved in an automobile accident which, in the sole determination of the VEHICLE OWNER's insurance representatives, was caused either in whole or in part by YOUR fault or negligence;
 - (f) YOU use the leased taxicab in connection with unlawful activity; or
 - (g) YOU violate any municipal taxicab regulation or ordinance with authority over the leased taxicab.
13. Remedy for Breach. In the event of a breach by the VEHICLE OWNER of this Agreement, YOUR sole remedy shall be a recovery of damages in the amount of fifty dollars (\$50.00) from the VEHICLE OWNER for each day remaining in the lease TERM. YOU understand and acknowledge that, in the event that the VEHICLE OWNER elects to cancel this Agreement due to breach by YOU, YOU will be liable for all lease fees for the entire TERM of the lease pursuant to Schedule A attached, and YOU are not entitled to any prorated credit for the remainder of the lease TERM. YOUR initials at the end of this paragraph indicate that YOU have read and understand the meaning of this paragraph and that YOU are making a commitment for the entire lease TERM. _____ (YOUR Initials)
14. Security Deposit. In addition to the rental payment, YOU will pay to VEHICLE OWNER a security deposit of not less than Ten Dollars (\$10.00) per day until the aggregate amount deposited reaches Four Hundred Ninety Dollars (\$490.00). The purpose of this deposit is to ensure your compliance with the terms of this Agreement, including the return of the taxicab in the same condition as accepted by YOU. The deposit less any applicable charges shall be returned to YOU not later than thirty (30) days after the termination of this Agreement.
15. No Warranties. YOU agree that no representations or warranties have been made by the VEHICLE OWNER or its agents with respect to said taxicab or this Agreement, unless specifically expressed herein in writing.
16. YOUR Status as a Self-Employed Businessperson. By this Agreement, YOU and the VEHICLE OWNER acknowledge and agree that there does not exist between the parties the relationship of employer-employee, principle-agent, or master-servant, either expressed or implied, but the relationship of the parties is strictly that of lessor-lessee, YOU being a self-employed businessperson free from interference or control on the part of the VEHICLE OWNER in the manner or means of operation of the taxicab or the business that YOU conduct with the taxicab. Once the VEHICLE OWNER conveys possession of the leased taxicab to YOU, YOU shall exercise complete discretion in its lawful operation and YOU shall determine the methods, details and means of performing any and all taxicab services YOU may decide to perform for members of the public in YOUR taxicab business, as follows:
- (a) YOUR earnings, if any, from operating the taxicab are YOURS alone. YOU shall not share YOUR fares with the VEHICLE OWNER, and YOU shall not account to the VEHICLE OWNER for the amount of fares, if any, YOU collect from YOUR passengers.
 - (b) YOU shall not be restricted in any manner as to the area in which YOU may operate said leased taxicab, nor shall YOU be required to remain at any specified place or assigned to any fixed hours.
 - (c) YOU shall not be required to answer calls or report the location or whereabouts of said taxicab at any time during the agreed period. Any right to control exists solely with the passenger who is hiring the taxicab at YOUR discretion, and the VEHICLE OWNER shall do no more than make available to YOU referrals of prospective passengers received through telephone call service or radio service.
 - (d) YOU may use the leased taxicab for any lawful purpose.
 - (e) YOU shall be free to decide if and when to work, if and when to take breaks for sleep, meals or otherwise.
 - (f) YOU may drive a taxicab at another company and may have any jobs or occupations YOU wish to have.
 - (g) YOU agree to market YOUR services independent of the VEHICLE OWNER and advertise YOUR services to the public in **YOUR own name**. YOU are encouraged to use a cellular telephone, a pager, personal business cards and other items

necessary to promote and procure business independently. YOU may, if YOU desire, modify the leased vehicle including the installation of a cellular phone and other marketing devices so long as they are in compliance with municipal regulations and subject to paragraph 7 of this Agreement. In addition, VEHICLE OWNER will relay to YOU orders received by telephone from the dispatch center from customers specifically requesting YOUR services.

YOU acknowledge and agree that, as a self-employed businessperson, free from authority and control of the VEHICLE OWNER, YOU will not be treated as an employee for purposes of worker's compensation coverage, State Disability Insurance, the Federal Insurance Contributions Act (FICA), the Social Security Act, and State and Federal income tax withholding at the source. The VEHICLE OWNER will not withhold FICA or state or federal income taxes on any payments YOU may receive. YOU understand and agree that YOU are fully and solely responsible for paying any and all federal and state income taxes and self-employment taxes which may be determined to be due as a result of any payments or earnings YOU may receive. Furthermore, because YOU are a self-employed businessperson, it is YOUR responsibility to acquire a business license for the area(s) in which YOU intend to operate your taxicab.

17. Compliance with Laws. Notwithstanding YOUR status as a self-employed businessperson, YOU acknowledge that the taxicab is subject to a permit or license issued by one or more local city or county authorities upon condition that the permit holder shall comply with all local ordinances regulating taxicabs and taxicab drivers. YOU understand and acknowledge that the VEHICLE OWNER has no right to direct YOU or exercise control over YOU in order to protect against suspension or revocation of any permit for said taxicab, and YOU therefore assume full responsibility for same. YOU agree that YOU will comply with all applicable federal, state and municipal laws, rules, regulations and ordinances in operating the leased taxicab and that YOU will be solely responsible for any fines, penalties or forfeitures resulting from any violations. YOU shall notify VEHICLE OWNER of any claim, accusation or finding that YOU have violated any provision of the local ordinance regulating taxicabs. YOU agree to indemnify and hold the VEHICLE OWNER harmless from any and all damages, fines, interest, penalties and costs resulting from YOUR conduct, including but not limited to conduct causing suspension or revocation of any permit for said taxicab. YOU agree to be responsible for parking or traffic violations, citations or fines incurred during the TERM of this lease. YOU will at all times maintain a good and safe driving record in compliance with regulatory and insurance requirements.
18. Assignment - Sublease. The rights to use the leased taxicab are personal to YOU, based on YOUR personal skills and qualifications. YOU may assign this Lease Agreement or sublease said taxicab only upon written approval of the VEHICLE OWNER. Such approval shall not be unreasonably withheld. In the event that YOU assign this Agreement, YOUR obligations under this Agreement will not be affected in any way.
19. Cooperation. In the event that legal proceedings arise in connection with YOUR lease of the taxicab, YOU and the VEHICLE OWNER agree to cooperate with each other's agents and attorneys when asked, and will assist each other as reasonably requested in a) making settlements, b) securing and giving evidence, c) attending hearings and trials, d) answering questions under oath when asked by anyone, and e) signing pleadings. Except voluntarily and at YOUR own cost and expense, YOU agree that YOU will not in relation to any claim or incident, a) make any payment or assume any obligations to others, or b) incur any expense.
20. Non-Encumbrance. YOUR rights shall not be subject to encumbrance or subject to the claims of YOUR creditors.
21. Final and Binding Arbitration of All Disputes. Any controversy, claim or dispute between YOU and VEHICLE OWNER, CO-OP or ASSD in any way relating to, or arising out of, this Agreement (including its validity, interpretation, enforceability or breach) or the TAXICAB or related activities (regardless of the legal theory involved, whether contractual, tort or statutory) shall be adjudicated in an arbitration administered by the Judicial Arbitration and Mediation Services, Inc. ("**JAMS**") in accordance with its applicable rules, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. **EACH PARTY GIVES UP (I.E., WAIVES) ANY CONSTITUTIONAL OR STATUTORY RIGHT TO HAVE ANY SUCH DISPUTE DECIDED IN A COURT OF LAW AND/OR BY A JURY IN A COURT PROCEEDING.** This Section 21 shall be construed to ensure its enforceability, and shall be construed and enforced pursuant to the Federal Arbitration Act, 9 U.S.C. § 1, *et seq.*, if applicable, and/or Title 9 of Part III of the California Code of Civil Procedure, commencing at § 1280, *et seq.*
 - (a) Requirement for Prompt Arbitration. YOU and VEHICLE OWNER wish to resolve all disputes promptly. Accordingly, YOU must make a demand for arbitration to VEHICLE OWNER or its designated representative within one (1) year after the date of any alleged breach, or any claim YOU may have against LESSOR shall be given up and lost (i.e., waived). Similarly, VEHICLE OWNER must make a demand for arbitration to YOU or your designated representative within one (1) year after

the date of any alleged breach, or any claim VEHICLE OWNER may have against YOU shall be given up and lost (i.e., waived). A JAMS-affiliated arbitrator shall be selected upon mutual agreement of the parties within twenty (20) days of the moving party's notice of a claim to adjudicate. However, if the parties cannot agree on the selection of an arbitrator within such twenty (20) day period, then an arbitrator shall be selected by a court of competent jurisdiction pursuant to Section 640 of the California Code of Civil Procedure. The parties further stipulate that: (i) the period for discovery shall continue for no more than six (6) months after receipt of the notice of a claim; (ii) the arbitration proceeding, if a claim has not settled, shall commence no later than nine (9) months after receipt of the notice of a claim, and (iii) no party shall submit more than ten (10) interrogatories to any other party, nor submit more than fifteen (15) document requests.

- 22. Group Lease Agreement; Joint and Several Obligations and Rights. If this is a group lease agreement with two or more individuals named as YOU, the leasing party, on page 1 of this Agreement, the obligations of the named individuals to perform YOUR obligations under the Agreement are joint and several, and the rights of the named individuals under this Agreement are joint and several.
- 23. Application of California Commercial Code. This Agreement shall be construed and enforced pursuant to Division 10 of the California Commercial Code, § 10101, et seq. ("Personal Property Leases").
- 24. Savings Clause. If any part of this Agreement is declared by any court of competent jurisdiction to be illegal, invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect and shall not be affected.
- 25. Execution Of Lease. This Agreement is not binding until signed by each individual leasing party named herein and by the VEHICLE OWNER.
- 26. Final, Complete And Entire Agreement; Integration Clause: This Agreement constitutes the final, complete, and entire agreement between YOU and the VEHICLE OWNER; and each paragraph of this Agreement constitutes the final, complete and entire agreement between YOU and the VEHICLE OWNER as to the matters referred to in the paragraph in question. There are no other representations, conditions, warranties, guaranties or collateral agreements, expressed or implied, between YOU and the VEHICLE OWNER. Any other prior agreements, arrangements or understandings, oral or written, are merged into and superseded by the terms of this Agreement. None of the parties shall be bound by any conditions, definitions, warranties, understandings or representations other than as expressly provided herein. This Agreement may not be added to, or changed in any way, except by an express written agreement signed by YOU and the VEHICLE OWNER.

NOTICE: BY SIGNING THIS AGREEMENT, YOU VERIFY THAT YOU HAVE HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY, INTERPRETER OR ADVISOR BEFORE SIGNING THIS AGREEMENT, AND THAT YOU HAVE CAREFULLY READ, UNDERSTAND AND AGREE WITH THE CONDITIONS SET FORTH HEREIN.

NOTICE: BY SIGNING THIS AGREEMENT, YOU AGREE TO HAVE ALL DISPUTES DECIDED BY NEUTRAL ARBITRATION AND YOU ARE GIVING UP YOUR RIGHT TO A JURY OR COURT TRIAL. SEE PARAGRAPH 21 OF THIS AGREEMENT.

THIS IS A LEGAL DOCUMENT. DO NOT SIGN UNLESS YOU COMPLETELY UNDERSTAND AND AGREE IN FULL WITH ALL OF ITS PROVISIONS.

YOU CAN NOT RELY ON ANY MATTERS NOT EXPRESSLY CONTAINED IN THIS AGREEMENT, AND THIS AGREEMENT CAN NOT BE CHANGED WITHOUT THE WRITTEN CONSENT OF VEHICLE OWNER.

EXECUTED in duplicate this _____ day of _____, 20__, in San Diego, California.

VEHICLE OWNER: _____

YOU (Leasing Party)

Print Name: _____

Print Name: _____

Status as a Self-Employed Businessperson

I acknowledge and agree that there is no employer-employee, principal-agent, or master-servant relationship, either expressed or implied between VEHICLE OWNER, CO-OP or ASSD and myself as a result of my operation of the TAXICAB. I am a self-employed businessperson free from interference or control on the part of VEHICLE OWNER, CO-OP or ASSD in the manner or means of operation of the TAXICAB or the business that I conduct with the TAXICAB. I shall exercise complete discretion in law, operation of the TAXICAB, and I shall determine the methods, details and means of performing any and all taxicab services I may decide to provide in my taxicab business, as follows:

- My earnings, if any, from operating the TAXICAB are mine alone. I shall not share my fares or lease fees with VEHICLE OWNER, CO-OP or ASSD, and I shall not account to VEHICLE OWNER, CO-OP or ASSD for any fares collected from passengers in the operation of my business. VEHICLE OWNER, CO-OP and ASSD shall do no more than make available referrals of prospective passengers received through telephone call service or radio service.
- VEHICLE OWNER, CO-OP and ASSD do not require me (i) to remain at any specified place; (ii) to answer calls or report to location or whereabouts of the TAXICAB; or (iii) to work any fixed hours. I am free to decide if and when to work, if and when to take breaks for sleep, meals or otherwise, and when and if to lease the TAXICAB to others.
- VEHICLE OWNER, CO-OP and ASSD do not restrict in any manner (i) the area in which I may operate the TAXICAB; (ii) my ability to drive a taxicab at another company or have any jobs or occupations I wish to have or (iii) my use of the TAXICAB for any lawful purpose. Any right to control exists solely with the passenger who is hiring the TAXICAB at my discretion.
- I may market my taxicab business independent of VEHICLE OWNER, CO-OP and ASSD and advertise my services to the public in my own name. I know that VEHICLE OWNER, CO-OP and ASSD encourage me to use a cellular telephone, a pager, personal business cards and other items necessary to promote and procure business independently. I may, if I wish, modify the TAXICAB including installing a cellular phone and other marketing devices, so long as all such modifications are in compliance with applicable Applicable Requirements, and federal or state safety standards.

I acknowledge and agree that, as a self-employed businessperson, free from authority and control of VEHICLE OWNER, CO-OP and ASSD:

- I am not an employee for purposes of worker's compensation coverage, State Disability Insurance, the Federal Insurance Contributions Act (FICA), the Social Security Act, and State and Federal income tax withholding at the source.
- VEHICLE OWNER, CO-OP and ASSD will not withhold FICA or state or federal income taxes on any payments I may receive, and I am fully and solely responsible for paying any and all federal and state income taxes and self-employment taxes due as a result of any payments I receive.
- It is my responsibility to acquire a business license for the area(s) in which I intend to operate a taxicab.

Please acknowledge your status as a self-employed businessperson by writing the following statement in your own handwriting:

I am self-employed for all purposes, including workers compensation and unemployment. Whether or not I drive the TAXICAB, I am not an employee of VEHICLE OWNER, CO-OP or ASSD.

YOU AGREE THAT YOU HAVE HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY, INTERPRETER, OR ADVISOR BEFORE SIGNING THIS AGREEMENT.

Dated: _____

 Print name

 Sign name

Witnessed: _____

 Print name

 Sign name

I have been advised by VEHICLE OWNER that it is my responsibility as a self-employed businessperson to acquire a business license for the area(s) in which I intend to operate, file all necessary tax returns, and pay all federal and state income taxes and self-employment taxes.

Signature: _____ Date: _____

I have been advised by VEHICLE OWNER that, as a self-employed businessperson, no medical insurance, benefits, or worker's compensation insurance is being provided to me.

Signature: _____ Date: _____

ACKNOWLEDGMENT OF AWARENESS OF POTENTIAL RISKS OF CAB DRIVING AND AVAILABILITY OF SHIELD-EQUIPPED CABS

The undersigned acknowledges that the operation of a taxicab may expose a driver to the risk of serious bodily injury or death as a result of assault, robbery or other criminal activity. It is the policy of VEHICLE OWNER to encourage drivers to utilize vehicles with safety shields. The undersigned has been advised that VEHICLE OWNER will provide to the undersigned at no additional cost or charge a cab equipped with a safety shield if one is requested.

_____ I REQUEST A CAB WITH A SAFETY SHIELD.

_____ I DECLINE A CAB WITH A SAFETY SHIELD.

Signature: _____ Date: _____

EXECUTED in duplicate this _____ day of _____, 20__, in Oceanside, San Diego County, State of California.

VEHICLE OWNER

By: _____
Authorized Agent

YOU (Leasing Party)

Print Name: _____

Yellow Cab of Oceanside/North County

624 Camelot Drive • Oceanside, CA 92054 • 760-722-4217

g) A full statement of the petitioner's assets and liabilities;

Assets

The assets of North County Transportation Services Cooperative, Inc., include the cash accounts, prepaid amounts, deposits, intercompany receivables, and acquisition costs.

Liabilities

The liabilities of North County Transportation Services Cooperative, Inc., include accrued expenses, deposits, and intercompany payables.

Pending Litigation

Currently, there is no litigation.

Yellow Cab of Oceanside/North County

624 Camelot Drive • Oceanside, CA 92054 • 760-722-4217

h) A statement establishing the existence of public convenience and necessity. No permit shall be issued unless there has been an affirmative showing of the existence of such public convenience and necessity by applicant.

Currently, Yellow Cab of Oceanside/North County already operates under an existing Franchise Agreement between Oceanside Transportation Services, LLC, and the City of Oceanside (09-D0203-1, 4/1/09 (16)). Oceanside Transportation Services is converting their existing business to a cooperative model (NCTS Co-op); therefore this application basically transfers the franchise agreement from one entity to another.

Yellow Cab of Oceanside/North County has had a long standing, successful relationship with the City of Oceanside. During this time, we have established a list of long standing clients and corporate accounts that depend on us for their transportation needs. Among the reasons they prefer Yellow Cab of Oceanside is because the amenities we provide that are unavailable elsewhere, and because we facilitate their business practices and provide the services they demand. If this service were no longer available, it would cause a great disruption in their business pattern.



BUSINESS LICENSE APPLICATION CITY OF OCEANSIDE

300 N. COAST HIGHWAY
OCEANSIDE, CA 92054
760-435-3878

- PLEASE INDICATE:**
- New Business
 - Change of Owners
 - Change of Address
 - Change of Business Name
 - Add/Change Business Description
 - Home Occupation
 - No Longer in Business

Please make checks payable to City of Oceanside.
INCOMPLETE APPLICATIONS WILL NOT BE PROCESSED.

BUSINESS INFORMATION License No 123958

MAILING ADDRESS:

Business Name (D.B.A.) North County Transportation Services Cooperative Inc.
In care of _____

BUSINESS LOCATION:

Bus. Addr. (NOT P.O. BOX) 624 Camelot Dr.
Oceanside Ca 92054
CITY STATE ZIP

Mail Address: 624 Camelot Dr.
NUMBER STREET SUITE NO.
Oceanside Ca 92054
CITY STATE ZIP

Bus. Phone: 760 722 7134
Corporation: _____
Corp. Name same as above Phone # _____

City Start Date 5/9/11 State ID Pending Health Permit N/A Sole Prop.
Hrs. of Operation M-F 9-5 Fed ID _____ ABC License # N/A Partnership
of Employees 1 Seller's Permit N/A Contractor #/Class N/A Corporation
 LLC

Property Owner/Management Co: Oxide Properties LLC
Address of Owner/Management Co: P.O. Box 2150 Del Mar Ca 92014

Phone Number of Owner/Management Co: 858 725 2485 Douglas Simpson

Business activity must be described in detail: Administrative offices for Transportation Company

OWNERSHIP INFORMATION

Owner/Pres. Casey Michael C
LAST FIRST M.I.

Owner/Pres.: _____
LAST FIRST M.I.

Home Addr.: 1050 Fields Ct.
NUMBER STREET SUITE NO.
Oceanside Ca 92057
CITY STATE ZIP

Home Addr.: _____
NUMBER STREET SUITE NO.
CITY STATE ZIP

Home Ph. # 760 725 73889 SSN: _____
Birth Date: 1/5/48 Driver's License # _____
Issuing State Calif.

Home Ph. # (_____) SSN: _____
Birth Date: _____ Driver's License # _____
Issuing State _____

Fees and Charges: Administrative Fee \$189.50

DECLARATIONS

I certify that in the performance of any business activities for which this license is issued, I shall not employ a person in any manner so to become subject to the Worker's Compensation laws of California. If I should become subject to the Worker's Compensation laws I shall forthwith comply with the provisions of section 3700 of the labor code. I further declare under penalty of perjury under the laws of California that the above information is true and correct to the best of my knowledge.

President _____ 5/9/11
TITLE SIGNATURE DATE



CITY OF OCEANSIDE

Financial Services Department Revenue Division

June 7, 2011

Yellow Cab of Oceanside/North County
Attn: Sharon Geraty
624 Camelot Drive
Oceanside CA 92054

Re: Application for Authorization to Operate Taxicabs in Oceanside

Dear Ms. Geraty:

The City is in receipt of your application for a franchise agreement. Staff would like to work with Yellow Cab in processing this application. However, because your application includes requested changes to the Oceanside City Code and is based on a model not provided for in the Code, staff would like some additional information from you before making a recommendation to City Council.

In order to do so, please agree to waive the time limitation set forth in Oceanside City Code Section 35.8, subsection (1) through (6) regarding departmental review and City Council hearing. If you do not agree to waive the time limitations, please inform me immediately, in writing, and staff will process your application without the requested information. If you agree to waive these time limits, please provide the following information:

1. Please provide contact information for City/County staff involved in regulating operations in the agency where your proposed Co-op is being modeled after.
2. Under the proposed model please describe the entity responsible for violations of State and Local laws.
3. How/when would the City be notified when additional owners become part of the Co-op?
4. How can the City verify that the required insurance is valid for all persons driving or operating a taxicab?
5. Pursuant to section 35.10 (g) of the Oceanside Municipal Code, a full statement of the petitioner's assets and liabilities is required. A full statement would include the following recent financial documents:
 - a. Balance Sheet
 - b. Income Statement
 - c. 2010 Tax Return

If you have any questions or concerns, please feel free to contact me at (760) 435-3887.

Thank you,

Sheri Brown
Revenue & Business Activity Manager

CC: Teri Ferro, Director of Financial Services
Taxicab Committee



FINANCIAL SERVICES
444 AVENUE, SUITE 400 IN OCEANSIDE

DEPOSIT TRANSMITTAL

City of Oceanside

Financial Services Department

DATE 5-19-11

DEPARTMENT/DIVISION Business License Received from Wickford Extension _____

Description	License No.	Amount
Business License Gross Receipts		
Business License Admin Fee	102424	25.00
Business License Penalty		
Card Room Taxes & Fees		
Fire Inspection		
O'side Tourism Marketing District (OTMD)		
Transient Occupancy Tax (TOT)		
<p>City of Oceanside City Hall East Building 300 North Coast Hwy Oceanside, CA 92054</p> <p>Business License Admin Fee 25.00 25.00 Enter License Number: 102424</p> <p>Subtotal: 25.00 Total: 25.00</p> <p>Check Number : 001009 25.00</p> <p>5/19/2011 09:13 LM #0003169 /2/2 ***** DUPLICATE #001 ***** 5/19/2011 09:13 LM Thank You! City Website: www.ci.oceanside.ca.us</p>		

Cash

Checks/s 1009

Credit Card/s _____

GRAND TOTAL 25.00

Received by: _____



June 9, 2011

City of Oceanside
Attn: Sheri Brown
300 North Coast Highway
Oceanside, CA 92054

Dear Ms. Brown:

Yellow Cab of Oceanside/North County is in receipt of your letter dated June 7, 2011, requesting additional information on our application for a franchise agreement, and a waiver of the time limitation set forth in Oceanside Code Section 35.8, subsection (1) through (6). In light of the additional information requested, and per our previously sent email, we grant the waiver for the extension of time to review the application. Having agreed to the waiver, we are submitting the following responses to your questions.

1. Please provide contact information for City/County staff involved in regulating operations in the agency where your proposed Co-op is being modeled after.

Oceanside Transportation Services is converting their existing business model to a cooperative model under the name North County Transportation Services Co-op. This particular business model is fashioned after the highly successful model currently running in Los Angeles in 8 different taxicab companies. The direct contact that can attest to its functionality and infrastructure would be the Taxicab Administrator for the Taxicab Regulation Division of the Los Angeles Department of Transportation, Thomas Drischler who can be reached at (213) 972-8431.

2. Under the proposed model please describe the entity responsible for violations of State and Local laws.

North County Transportation Services Co-op (NCTS Co-Op) will ultimately be responsible for any violations of State and Local laws. However, the main point of contact for any violations or problems will be Oceanside Transportation Services (the management company) and the main contacts the City already deals with on a regular basis.

3. How/when would the City be notified when additional owners become part of the Co-op?

Upon the sale of any share, NCTS Co-op will notify the City and will periodically (quarterly or whenever frequency that suits the City) submit an updated list of all members of the Co-op. All shareholders are members of the Co-op and are not considered to be owners.

4. How can the City verify that the required insurance is valid for all persons driving or operating a taxicab?

Under the Co-op business model, the insurance certificate is issued to the NCTS Co-op, and all co-op member taxicabs are covered under this policy.

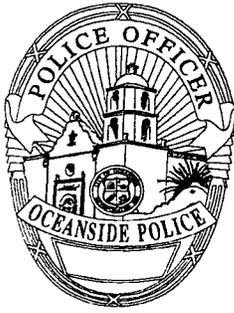
- 5. Pursuant to section 35.10 (g) of the Oceanside Municipal Code, a full statement of the petitioner's assets and liabilities is required.**

NCTS Co-op is a newly formed entity; therefore the current balance sheet and the detailed income statement are in a developmental state. However, once the Co-op model is approved, the founding member, or first shareholder, will be Oceanside Transportation Services whose financials are attached for your convenience.

Hopefully the information above will provide more clarity. We would be happy to provide any further information you need and would also be available to discuss in person if necessary. It is our hope that we can keep this item moving, so we are happy to do whatever is necessary to make that happen.

Sincerely,

Sharon Geraty
VP Operations
619.398.2314



MEMORANDUM

TO: Taxicab Committee

FROM: Frank McCoy, Chief of Police

SUBJECT: Yellow Cab PC&N

DATE: September 12, 2011

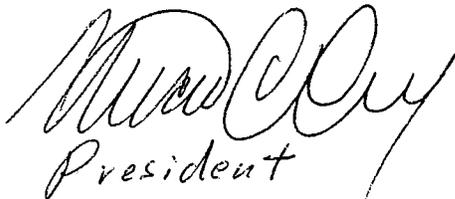
I have reviewed the application for a change in the existing franchise agreement submitted by Yellow Cab. I find that Public Convenience and Necessity does not exist to allow Yellow Cab to operate with the proposed changes in the City of Oceanside.

VERIFICATION FOR PETITION
FOR PERMIT AND FRANCHISE AGREEMENT
TO OPERATE TAXI CAB SERVICE
IN THE CITY OF OCEANSIDE

I Michael Casey, declare as follows:

1. I am Chief Executive Officer of North County Transportation Services Cooperative, Inc., a cooperative corporation organized under the California Consumer Cooperative Corporation Law. The principle place of business is located in the City of Oceanside at the management offices of Oceanside Transportation Services at 624 Camelot Drive. The cross streets for this location are Industry and Camelot.
2. North County Transportation Services Cooperative, Inc. has submitted a petition /application for a permit and franchise agreement to operate a taxicab cooperative within the City of Oceanside. The petition consists of the City of Oceanside Franchise Agreement Application and Supplement Documents for the City of Oceanside Franchise Agreement application.
3. I declare under penalty of perjury under the laws of the State of California that the foregoing information provided for the petition, including the above referenced documents on file with the City of Oceanside is true and correct of my own knowledge, except for those items stated on information and belief, and as to those items, I am informed and believe them to be true.

Executed this 15th day of August, 2011 at Oceanside, California


President

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE DENYING THE PETITION BY NORTH COUNTY TRANSPORTATION SERVICES COOPERATIVE TO OPERATE TAXICABS IN THE CITY OF OCEANSIDE

WHEREAS, the City of Oceanside received a petition to operate taxicabs submitted by North County Transportation Services Cooperative;

WHEREAS, pursuant to Oceanside City Code section 35.12, on September 28, 2011, the City Council held a duly noticed public hearing and heard and considered all testimony regarding the petition, including all applicable factors set forth in Oceanside City Code section 35.13.

WHEREAS, studies and investigations made by this Council and in its behalf reveal the following facts:

FINDINGS:

1. The petition requested changes to the Oceanside City Code and the standard taxicab franchise agreement to accommodate a cooperative business model;
2. The petitioners in their petition have acknowledged that the Oceanside City Code does not permit business operations as outlined in the petition to operate, specifically Oceanside City Code sections 35.26, 35.52, and 35.87;
3. The petition requests that the Oceanside City Code be modified to allow petitioner's business operation;
4. The Chief of Police found that public necessity and convenience does not exist so as to require the operation proposed by the petitioner;
5. The Council considered all of the applicable facts to be considered pursuant to Oceanside City Code section 35.13;
6. Current authorized operators are demonstrating they are meeting the current service demands;

- 1 7. The current carriers are providing adequate service.
- 2 8. The financial responsibility of the applicant has not been demonstrated because it is a
- 3 newly formed entity.
- 4 9. No proof of insurance was submitted with the application.
- 5 10. The character of the equipment to be furnished was not clearly set forth in the
- 6 application.
- 7 11. The petitioner has not established that public convenience and necessity require the
- 8 operation proposed by the petitioner.
- 9 12. The City Council has not found that public convenience and necessity require the
- 10 operation proposed by the petitioner.
- 11 13. Oceanside City Code does not allow for the operation of the proposed business in the
- 12 manner set forth in the petition to operate taxicabs.

13 NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby deny the
14 petition to operate taxicabs submitted by North County Transportation Services Cooperative.

15 PASSED AND ADOPTED by the City Council of the City of Oceanside, California,
16 this _____ day of _____, 2011 by the following vote:

17 AYES:

18 NAYS:

19 ABSENT:

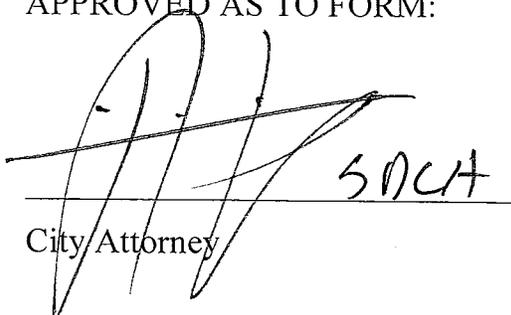
20 ABSTAIN:

21
22
23
24 ATTEST:

25
26
27
28 _____
City Clerk

Mayor of the City Of Oceanside

APPROVED AS TO FORM:



City Attorney