

# Santa Monica Taxi Study

## TECHNICAL MEMORANDUM



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# Chapter 1. Introduction

The City of Santa Monica has identified a need to assess and improve its methods of regulating taxicabs. The City currently has an open-entry system of regulation that is typical of arrangements in many cities that deregulated taxicabs in the 1970s and 1980s. This style of open-entry regulation has enabled large numbers of taxicabs to operate in the City, including many operated by self-employed individuals and local entrepreneurs.

The result has been an abundance of service, with many options to choose from for residents, tourists, and business travelers. However, the system has also resulted in congestion, parking problems, high and confusing fares, and service complaints. The system requires a significant level of effort by City staff for administration and enforcement. Changes introduced in 2004 made some improvements but the fundamental problems remain.

In 2006, the City Council directed staff to research and evaluate whether the City should consider franchising taxicabs in conjunction with developing an ordinance to set air quality performance standards for awarding taxi franchise agreements. This report provides the requested research and evaluation, including examination of franchises and other options. The report is organized as follows:

**Chapter 1** sets the stage by detailing existing conditions, including the current system of regulations, the size and composition of the taxicab industry in the city, fares charged by various companies, and perceptions and concerns about taxicabs. This chapter draws on extensive data provided by the City, interviews with City staff and business community representatives, data gathered from peer cities, and interviews with taxi drivers and managers.

**Chapter 2** reviews methods for improving conditions. It includes a review of evidence about an appropriate number of taxicabs in Santa Monica, methods that can be used to regulate the number of cabs and companies, methods for regulating fares, and requirements that can be made specific to taxicab companies. It also addresses driver requirements, vehicle inspections, emissions standards, insurance, service to hotels, enforcement and administration, wheelchair accessible cabs and discounts for seniors and people with disabilities.

**Chapter 3** provides an economic analysis of the taxicab industry, showing how operating costs and available demand for service determine the earnings of taxi drivers. The analysis illustrates the impact of reducing taxi numbers as well as the impact of added costs due to environmental regulations.

**Chapter 4** provides preliminary recommendations for discussion with City staff.

**Appendix A** provides detailed information from four peer cities.



## Chapter 2. Existing Conditions

### Taxicab Regulation in Santa Monica

Taxicab regulation by City of Santa Monica includes rules concerning:

- Driver background checks, drug testing, and proof of association with a company.
- Required liability insurance coverage
- Vehicle safety checks by a state certified mechanic
- Prohibition of waiting for business except at taxi stands or leaving a vehicle unattended in a taxi stand more than three minutes.
- Posting a complaint information card and a schedule of rates inside each cab
- Exclusive use of the cab by the passenger
- Taking the most direct route
- Use of taximeters and flat rates for airport trips
- Placement of business license decals by the Police Department on each taxicab

However, Santa Monica lacks rules governing many other issues that are regulated by many cities, including:

- The total number taxicabs that may operate in the city
- The standard or maximum fare that may be charged
- Use of distinctive color schemes (sometimes called “liveries”) to identify each company’s vehicles
- Radio dispatching
- Driver training or testing

Santa Monica either has no rules or very flexible rules on all of these issues, as summarized in Figure 2-1. Many cities have restrictions on taxicab companies, in addition to rules that apply to drivers and vehicles. The rules take various forms, including limits on the numbers of companies, requirements that companies obtain certificates of convenience and necessity (a way to control entry to the market), competitive awarding of franchises, and detailed requirements for “full-service” operation. In Santa Monica there are no limits on the number of taxi companies and no requirements that apply to companies other than obtaining a business license, obtaining permits for one or more vehicles and operators, and filing rates.

**Figure 2-1 Taxicab Regulation in Santa Monica and Other Cities**

Issue	Rules in Other Cities	Santa Monica
Taxicab companies	Limited number of companies and/or detailed rules applying to companies	Business license, register one or more vehicles and drivers, file meter rates and flat fares
Number of taxicabs allowed	Maximum number	No limits
Fares	Maximum fare or one specific fare structure	Companies must file fares, including flat rate to LAX and Burbank airport.
Color schemes	Distinctive color scheme for each company	No rules
Vehicles	Age limits or strict standards for appearance and safety	Inspection by any state certified mechanic
Dispatching	Radio or computer dispatch is required	No rules
Driver qualifications	Many cities require training programs or tests	No rules

In addition to these widespread rules, many cities have instituted rules requiring:

- Discounts for elderly and disabled riders
- Some portion of each fleet consisting of wheelchair accessible vehicles
- Vehicles that meet rules concerning air quality or fuel efficiency

More detail about differences between Santa Monica and four peer cities is provided in Appendix A. The rest of this section provides an outline of rules and procedures for regulating taxicabs in Santa Monica. The rules that govern taxicabs are contained in Chapter 6.48 of the Santa Monica Municipal Code and in supplementary regulations adopted by the City Manager in 2004 as provided for in the code.

## Taxi Companies

Each company must obtain a business license and vehicle decal for each vehicle operated. Companies must also register their rates with the City. Technically, this provision applies only to companies in their capacity as vehicle owners. In practice, administrative procedures established by the City require each company to coordinate permit applications for all drivers and vehicles affiliated with that company, and to submit all the required paperwork and fees in one packet. Companies are also required to verify that a driver is “employed” by that company and to notify the City if a driver is terminated. In practice this provision is applied to independent contractors and owner-operators, since few if any drivers are employed by taxi companies. Many companies are not incorporated, but are cooperatives or associations of owner-operators.

## Rates

Taxi companies are free to set their own rates, but they may not charge rates higher than those registered with the City. The rates filed must include flat rates to LAX and Burbank airport, which must be the rates charged for trips to those destinations. Rates must be posted inside the cab, but do not have to be posted on the exterior, which would allow walk-up customers to

comparison shop. However, some companies do post their rates on the exterior. Companies are allowed to offer discounts and some do.

## Drivers

Each driver must obtain a police permit, which must be displayed in a permanent holder in the taxicab any time that driver is operating the vehicle. The application procedure involves submitting required information, payment of fees, and a background check by the Police Department. A complete application includes:

- Completed Taxicab Driver Police Permit application (includes residence, SSN, past employment, personal references, arrest record)
- Certificate of Employment completed by the taxi company (on the reverse of the police permit form)
- Original negative drug and alcohol test report
- Required fees:

Taxicab Drivers Police Permit Fee	\$ 81.53
Taxi Driver Annual Processing Fee	\$139.59
Fingerprinting Fee (New Applicants only)	\$100.24
Duplicate or Change Of Cab Company Fee	\$ 45.50

The Police Department obtains a DMV record for each driver, conducts a criminal background check using the California Department of Justice (DOJ) Live Scan system, and conducts a check of outstanding warrants. The Police Department may disapprove any applicant who makes a false statement on the application or who has a record of criminal conduct or other behavior involving any of the following:

1. Moral turpitude;
2. Violence toward persons or property;
3. Physical or mental disease which could make the applicant a danger to the safety of others;
4. Illegal sexual conduct involving another nonconsenting person;
5. Negligent or reckless driving;
6. Operating a motor vehicle while under the influence of alcohol or drugs; or
7. Acts showing the applicant to be otherwise incompetent or not fit to drive a vehicle for hire.

The permits include the name and photograph of the applicant, date of expiration of the permit, and the name of the taxicab company for which the driver is authorized to drive. All of the permits expire on September 30<sup>th</sup> of each year, and can be revoked at any time for violating provisions of the taxi code or for any reason that would have triggered denial of the application.

The Police permit becomes void if a driver is no longer working for the company specified in the application. The company is required to immediately give the City written notice of the termination, and the terminated driver is required to immediately return the Police permit to the City. Every time a driver changes taxicab companies, he or she must immediately return the

driver's police permit to the City and apply for a new police permit with the new company's information on the application. In practice, enforcement of this provision has sometimes been problematic.

## Vehicles

Vehicle owners are required to obtain a business license for each cab, provide proof of insurance, and obtain a vehicle decal. A complete application packet includes an insurance policy with a required endorsement, including a schedule of all covered vehicles, and for each cab:

- Business license renewal form
- Completed Taxicab Owner Police Permit application (includes residence, SSN, past employment, personal references, and arrest record)
- Meter certificate from the State Department of Agriculture, Division of Weights and Measures
- Safety certification from a state certified mechanic
- A photocopy of the vehicle registration
- A schedule of taxicab rates
- Owner contact information
- Required business license tax and fees:

Police Permit Fee	\$ 68.24 Per Owner
Fingerprinting Fee	\$100.24
Business License Tax	\$250.00 Per Vehicle
Tax penalties if any	10% per month after October 31
Taxicab Processing Fee	\$139.59
Decal Fee	\$ 73.00

Interior signage in each taxi vehicle has to include 1) a card showing the cab owner's name, business address, and telephone number, together with the rates to be charged by the vehicle; 2) a card saying "COMPLAINTS?" and the City's complaint hotline number; and 3) a permanently placed holder for the driver police permit with a message, visible if the holder is empty, that states such a permit is required to be displayed.

Exterior signage on each taxi vehicle must include the name of the cab company, its telephone number, and the cab number printed on the door and on the rear of the vehicle. However, there is no requirement that the cab numbers be unique. The letters must be at least 2¼ inches high and five-sixteenths of an inch wide.

The regulations state that, "Neither vehicle safety inspections nor taximeter checks shall be conducted by the City of Santa Monica. The City assumes no responsibility whatsoever for the accuracy of vehicle safety inspections or taximeter checks conducted." In practice, all vehicles are brought to the police department for a review, which does include some minimal inspection, verification that the vehicles are the same ones specified in the safety inspection and meter certificate documentation, and looking for obvious evidence of rigged meters.

The decal may be removed by the police at any time if the vehicle is found to be in an unsafe operating condition or operating without City approved insurance; if the taximeter is found to be operating at a rate other than authorized, or is not operable; if equipment defects have not been fixed with the time allowed after they were found; if the taxicab is operating without a valid decal issued for that vehicle; or if the driver is operating without a valid driver's police permit.

The required insurance limits are: \$100,000 per person for bodily injury, \$300,000 total in bodily injury coverage per accident, and \$50,000 property damage. The City of Santa Monica, its officials, officers and employees must be included as additional insured and 30 days notice of cancellation must be provided.

## **Penalties**

Violations of the taxi code may be an infraction, punishable by a fine up to \$250, or a misdemeanor, punishable by a fine up to \$1,000 per violation and/or up to six months in jail.

## **Administration**

The Revenue Department (formerly known as the License Department) is the central point of contact and coordination for taxi licensing and permitting. Based on changes made in 2004 the City now requires each taxi company to submit one packet with all the necessary paperwork for all of the drivers who work for that company and all the vehicles they drive, along with payment for all of the fees for these drivers and vehicles. This applies to the annual process for taxi business licenses, driver police permits, and vehicle police permits. All of these expire on September 30<sup>th</sup> of each year; a one month grace period is allowed for renewal. After October 31<sup>st</sup> there is a 10% per month penalty on the business license tax renewal. In the past drivers and owners would come in one at a time, creating a lot of work for staff. Some still attempt to do this. In addition, there is constant turnover of drivers and vehicles and these need to be processed throughout the year.

The City's Risk Manager reviews insurance documentation to ensure it meets the City's requirements. This process is much simpler than in the past due to tightened requirements, some of them implemented 10 or 15 years ago, and as a result of the annual process implemented in 2004.

A motorcycle patrol officer is designated as the Police Department taxi detail. He is responsible for receiving permit applications, conducting background checks, and inspecting vehicles. In addition, a Forensic Technician takes ID photos and fingerprints, which are sent electronically to the Department of Justice (DOJ) for a background check. Drivers and owners come from the Revenue Department with their permit applications to get photographed and fingerprinted. In the case of owners, the taxi detail officer only looks for serious offenses. No owner application has ever been rejected.

In the case of drivers, in addition to the DOJ check (which comes back in a couple of weeks), the officer does a warrant check and a driver's license check on his computer. This is an annual process; only the fingerprinting is omitted in the case of a renewal. If a driver switches companies, the officer repeats only the license and warrant checks. He denies an application if he finds a recent DUI, a serious traffic offense such as reckless driving or hit and run, or if the criminal history shows violent crimes. If he finds an outstanding warrant (for example for an unpaid parking ticket), he may tell the driver to clean it up and come back although often they do not come back. If the warrant is for something serious he may arrest the driver.

The taxi detail officer has discretion to accept or deny permit applications. In the three years that he has been on the taxi detail he has denied or revoked 42 driver permit applications. The most common reason has been drunk driving. Other reasons have included reckless driving, hit and run, drug arrests, and meter rigging. Ten driver applications from one company and five from another have been denied or revoked. The rest are spread among 20 companies that operate exclusively in Santa Monica. Two applications from drivers affiliated with one of the companies that also operates in Los Angeles have been denied or revoked.

A driver who is denied a permit may appeal the decision. The appeals are conducted by the City's Consumer Affairs Division. The hearings are less formal than a court proceeding, but they do involve a court reporter and are conducted by a hearing officer chosen from a list of attorneys who have contracts with the City. A Consumer Affairs Specialist in the Consumer Affairs Division presents evidence for the City's action in making the denial and questions the taxi detail officer as a witness. The driver can then present evidence, which the Consumer Affairs Specialist rebuts. The driver can bring an attorney but none have. The Consumer Affairs Specialist also makes a closing statement. The hearing officer issues a ruling in writing, usually after about three weeks. The hearing takes about one hour. There have been approximately four hearings in as many years, none of which has overturned the permit denial.

## Size and Composition of the Taxicab Industry

Santa Monica has more taxicabs per capita than three of the four peers that were reviewed in detail, and many more very small companies, including one and two-vehicle companies. Figure 2-2 compares Santa Monica with four peers with respect to population, population density, taxicabs, and taxicab companies. Comparing the number of cabs in each city presents a number of problems since many cabs are permitted in multiple jurisdictions and do not always operate in a specific city. In Santa Monica, of the 412 cabs, 37% are also permitted in other cities, especially Los Angeles. As a result the "effective number" of cabs in Santa Monica is probably less than the figure of 4.9 cabs per 1,000 residents shown in the figure. However, interviews with companies did not produce any data that could be used to make a meaningful adjustment.

Since none of the peers is perfectly comparable to Santa Monica, and their numbers are so disparate, we have added a fifth point of comparison using recent work conducted by Nelson\Nygaard in Arlington, Virginia. Arlington is located directly across the Potomac River from Washington, DC and includes a substantial concentration of office development and hotels. It also includes Reagan National Airport, which requires a separate license; and about one-third of the licensed taxis provide service there.

West Hollywood is the only peer city that has more cabs per capita than Santa Monica. It is also much denser than Santa Monica and is known for active night life, both of which make it an attractive taxi market. Also, 75% of the cabs in West Hollywood are jointly permitted there and in Beverly Hills or Los Angeles, so the actual number of cabs operating in the city on a typical day is probably much less than shown. Casual observation indicates that there is an abundance of taxicabs in West Hollywood at night, but relatively few during the day. The effective number of cabs in Beverly Hills is probably somewhat less than shown as well, since Beverly Hills allows some portion of its permitted taxicabs to be permitted in West Hollywood. None of the peers has nearly as many taxicab companies as Santa Monica.

**Figure 2-2 Population and Taxicabs in Santa Monica and Peers**

City	Population	Population per Square Mile	Taxicab Permits	Companies	Cabs per 1,000 Residents
Santa Monica	84,084	10,507	412	55	4.9
Beverly Hills	33,784	5,632	120	3	3.6
Los Angeles	3,694,820	7,426	2,303	9	0.6
West Hollywood	35,716	19,228	530	7	14.8
Sacramento	407,018	3,836	371	8	0.9
Arlington, VA	199,776	7,722	666	6	3.3

Based on permits issued in October of 2007, the 412 permitted cabs in Santa Monica included 18 that were operated as one-cab companies and another 65 cabs there were operated in companies with two to five cabs. As shown in Figure 2-3, “Los Angeles companies” (i.e. companies that are franchised in Los Angeles) account for 154 cabs or 37% of the total. These companies include Yellow Cab Company, Bell Cab Co-op, Beverly Hills Cab Company, and United Independent Taxi Drivers (UITD). Independent Taxi Owners Association (ITOA), which is franchised in Los Angeles, is not included in this total, because it has only five cabs in the city, which may not be permitted in Los Angeles. The Los Angeles companies have between 25 and 56 cabs apiece permitted in Santa Monica. Only the largest Santa Monica-only company, Taxi Taxi, is in this size range.

**Figure 2-3 Distribution of Taxicabs by Company Size**

Company Size Category	Number of Companies	Total Number of Cabs	Percent of Total Cabs
1 cab	18	18	4%
2 to 5 cabs	21	65	16%
6 to 10 cabs	7	57	14%
11 to 49 cabs	5	118	29%
“Los Angeles” Companies	4	154	37%
Total	55	412	100%

## Fares

Since Santa Monica does not set or limit fares, companies operating in the City have a wide variety of fare structures. Figure 2-4 shows the fare structure of the ten largest companies. The Los Angeles companies all charge the rates set by LADOT, which is \$2.65 for the first 1/7th of a mile and \$.35 for each addition 1/7<sup>th</sup> of a mile, which is equivalent to \$2.45 per mile. It is possible to have more than one rate structure programmed in a taximeter, but LADOT does not permit any taxi permitted in Los Angeles to have a meter that contains any rates other than those set by LADOT. The ten largest Santa Monica-only companies charge using five different mileage increments. Among all 55 companies there are 12 different mileage increments in use.

The flat rate to LAX ranges from \$30 for the Los Angeles companies to \$45 for the four companies at the bottom end of the top ten list. Among the smaller companies, the lowest rate to LAX is \$25 for ITOA and the highest is \$53 for Santa Monica Yellow. The most common rate is \$45, charged by 24 companies. The flat rate for most companies is equivalent to the meter fare for a 10 to 12 mile trip. Twelve miles is the actual distance to LAX via freeway from

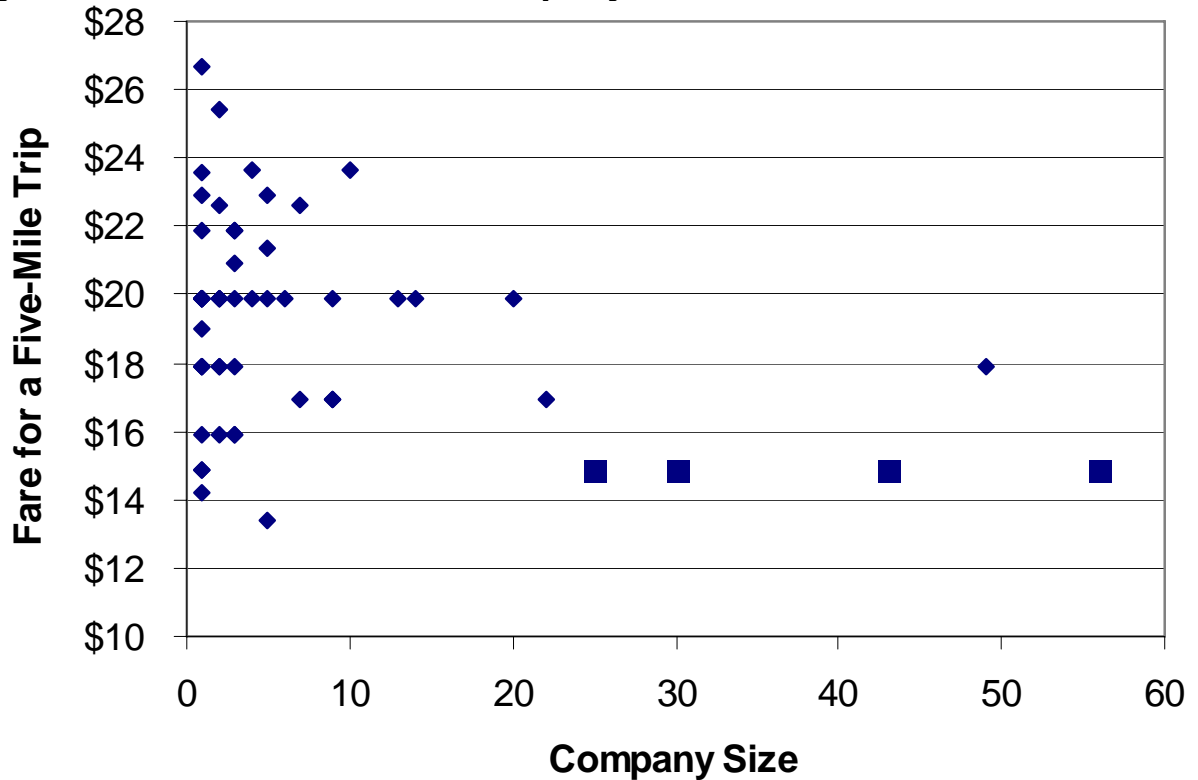
downtown Santa Monica. By surface streets, the same trip is only nine miles long, so many riders would pay significantly less if they could pay the meter fare. For Santa Monica residents who live south of 10 Freeway, the distance by surface streets is even less.

**Figure 2-4 Taxi Fares in Santa Monica**

Taxicab Company	Cabs	Drivers	Flag Drop	Rate Per Mile	Flat Rate to LAX	Increment (Miles)
<b>Companies Franchised in Los Angeles</b>						
Yellow Cab Co	56	60	\$2.65	\$2.45	\$30	1/7
U I T D	43	41	\$2.65	\$2.45	\$28	1/7
Beverly Hills Cab Co	30	30	\$2.65	\$2.45	\$30	1/7
Bell Cab Co-Op	25	20	\$2.65	\$2.45	\$30	1/7
<b>Companies that Operate Only in Santa Monica</b>						
Taxi Taxi	49	82	\$1.90	\$3.20	\$36	1/16
Euro Taxi	22	32	\$1.90	\$3.00	\$35	1/15
Yellow United Cab	20	21	\$1.90	\$3.60	\$45	1/18
Pacific Yellow Cab	14	13	\$1.90	\$3.60	\$45	1/18
Sunny State Cab	13	16	\$1.90	\$3.60	\$45	1/18
Leo Yellow Cab	10	11	\$2.65	\$4.20	\$45	1/12

The rates charged by Los Angeles taxi companies are the lowest in Santa Monica, taking into account the combined drop charge and mileage rate. Figure 2-5 shows the cost of a five-mile trip for all 55 licensed companies. The five-mile rate for the Los Angeles companies is \$14.90. The very small companies have the greatest spread of rates, including some very high rates. The most common fare structure is \$1.90 plus \$3.60 per mile (\$.20 per 1/18 mile), corresponding to a five-mile trip cost of \$19.90. This fare structure is used by 17 companies operating 86 cabs.

**Figure 2-5 Meter Rates and Company Size**



Squares = Los Angeles companies

Diamonds = Santa Monica-only companies

## Perceptions and Concerns about Taxicabs

To explore issues about taxicabs in Santa Monica, the consultants:

- Interviewed City staff responsible for taxi permitting and enforcement; transportation management; receiving and investigating complaints about taxicabs; transit service planning; and liaison with commissions concerned with seniors, people with disabilities, and the environment;
- Interviewed staff of organizations that work with businesses;
- Conducted two workshops for taxi drivers and management.
- Reviewed files about complaints concerning taxicabs;
- Reviewed data about traffic and parking citations issued to taxicabs; and
- Conducted on-street observations of downtown taxi stands and taxis in traffic.

This section uses evidence from all these sources to explore issues about taxicabs in Santa Monica. The main issues raised with taxi service include:

- Perceived oversupply of taxis, particularly small and single-cab operators

- Exclusive service agreements for a single company to serve a hotel
- High fares in comparison to neighboring cities, and inconsistent and confusing rate structures
- Parking violations by taxicabs
- Complaints over lost property and failure to honor promotional coupons
- Illegal operation in Los Angeles
- Capacity of taxicab zones
- Cruising by taxicabs on Santa Monica Pier

## **Number of Taxicabs and Taxi Companies**

Many observers believe that there are too many taxis in Santa Monica and too many very small companies, including independents that operate only one cab. For example the Executive Director of the Bayside Development Corporation (BDC) indicated that there seem to be lot of independent cabs and a lot more cabs than needed, as shown by the fact that cabs queue up for the zones. She noted that a smaller number of companies and drivers would be easier to control. Several other City staff people and the Executive Director of the Santa Monica Pier Development Corporation (PRC) expressed similar views. City staff noted additional administrative effort needed to deal with a large number of small taxi companies, many of which have limited financial resources resulting in problems such as lapsing of insurance.

Taxi drivers and managers, in interviews and in the workshop, agreed that there are too many taxis. In their view the excessive number of cabs make it hard for drivers to earn a living, results in them working more hours than is safe, and reduces service quality for the public. There was general agreement that the City should limit the number of taxicabs and/or taxi companies. While not all independents may want to join a company, there was some support for requiring independent drivers to affiliate into some form of association as long as these associations could be structured in a way that served the interests of the drivers.

A useful gauge of whether there are enough cabs or too many cabs is how easy it is to obtain service. For this study, only very sketchy information is available on this point. As documented in the section about taxi zones, taxi zones in the downtown area tend to be full much of time with limited turnover. City staff agreed that finding a cab in the downtown area or on the Pier is not a problem. Determining whether this pattern extends to other portions of the City would require additional data collection.

Santa Monica residents who need a taxi are most likely to call for service. One City staff person who lives in Santa Monica and uses taxis frequently indicated that he never has trouble ordering a cab. He always uses the same company and his experience is that they are always on time. Unfortunately no data about availability of dispatch service is available. Taxi company managers generally felt that they were able to serve telephone orders without difficulty.

## **Service to Hotels**

Service to hotels is a distinct market from service at taxi stands and telephone orders. Many hotels have agreements with specific taxi companies to serve their guests. Some of the larger companies pay hotel management for the exclusive right to serve a particular hotel. Drivers also report that hotel doormen demand payment for picking up at a hotel. In some cases, this

appears to involve allowing independents to pick up at hotels where another company has an agreement for exclusive service. This issue is a source of controversy among the drivers and company management. Generally, the more established companies believe that they have established a reputation for quality service and have earned to right make agreements with the hotels. Independents see these agreements as unfairly limiting their access to a lucrative market and believe the City should prohibit them.

While the question of regulating access to hotels may be controversial, it is clear at least that the pattern of excess supply of cabs applies to the hotel market as much as it does to the cab stand market.

## **Fares and Affordability of Taxicabs**

The great variety of fares presents a confusing picture to anyone who is not a frequent user of taxicabs in Santa Monica. Also, on average fares are higher than in nearby cities. It is difficult for a customer to choose a company based on price because rates are often not posted on the exterior of the cab and, even when they are posted, are very hard to compare. For example, one company charges \$2.65 for the first 1/12<sup>th</sup> of a mile and \$.35 per each additional 1/12<sup>th</sup> of a mile. Another company charges \$1.90 for the first 1/15<sup>th</sup> of a mile and \$.20 for each additional 1/15<sup>th</sup> of a mile.

According to the taxi detail officer, customers sometime complain about the differences in taxi rates among companies. Since Santa Monica does not regulate color schemes, a customer may complain that it costs one amount to come to Santa Monica from LAX and a different rate going back on what appears to be the same company.

The City hears complaints from residents about flat rates to LAX. Most people like flat rates because they eliminate anxiety over potential cheating, but people from southern Santa Monica complain vocally because the meter fare to LAX would be less. The analysis of fares given in Chapter 3, confirms that this difference can be substantial.

Some of the larger companies that operate only in Santa Monica provide promotional coupons, for example in the Yellow Pages or an advertisement. Some companies quote lower rates on the phone, at least in the case of flat rate trips, than they post in their taxicabs. These practices have the effect of making less expensive service available to residents than to business travelers and tourists.

An issue related to the cost of taxi service is the desire by seniors for a taxi subsidy program. Members of the Commission on the Senior Community have expressed interest in a taxi voucher program similar to ones in other communities. A staff analysis indicated it would take about \$1.4 million per year to provide the kind of program that commission members were interested in. The same issue has continued to arise on occasion, and City staff have explained how expensive such a program would be. The possibility of a more limited and more affordable voucher program (for example with limited value of vouchers available or with a limited discount) has been considered, but the consensus of the commission has been that it is more important to focus on improvements to the Dial-a-Ride program such as additional night and weekend service, "emergency vouchers," using taxis for paratransit trips for medical trips beyond Santa Monica, and providing door-to-door instead of just curb-to-curb service.

The Dial-a-Ride program is available to anyone over the age of 60 and anyone with a disability for \$.50 per ride, regardless of ability to use public transportation. It operates only within the city

and to Kaiser and the VA at certain times. The Dial-a-Ride program will provide “emergency vouchers” to enable certain trips by taxicab at times when DAR isn’t operating; for example members of the Disabilities Commission use vouchers to attend the Commission’s meetings, which are in the evening when DAR doesn’t operate. These vouchers require a \$3 co-pay by the rider.

The Senior Commission has not discussed issues of taxi service in general. Individual members have mentioned that they take taxis when necessary. Their only comment is that cabs are expensive.

A planner with Big Blue Bus, suggested that it would be possible to require that anyone holding a DAR card get a discounted rate on taxi rides. This would not involve the City in administering coupons, monitoring misuse, etc. It would also help DAR if taxi rides were available at a discount or flat rate. However, the City would need to enforce compliance.

Taxi drivers and company managers also provided perspectives about fares. There is general agreement that the City should set some limits and rules about fares, but differing views about what a desirable fare level would be. Managers of companies with taxis licensed in Los Angeles generally prefer uniform fares among as many jurisdictions as possible. These companies are bound by LADOT regulations which set fares in Los Angeles. Staff of one large Los Angeles company believe strongly that meter rates are too high in Santa Monica and need to come down, preferably to the same level as in Los Angeles. They advocate a “regional approach” that reduces deadhead and allows cabs to be where they are needed when they are needed.

Staff and drivers of companies that operate in Santa Monica defend the higher fares that they charge for several reasons. Some companies operate luxury vehicles which they feel are demanded by the market in Santa Monica and justify higher fares. Others note that companies licensed only in Santa Monica must return empty when they drop off outside of Santa Monica and feel that this requires charging a higher fare. They also feel that they provide better service to residents than regional companies, including short trips, trips by people with disabilities, and discounts, and these factors justify higher fares. (These statements are based entirely on the opinions of the company staff and drivers; none of the assumptions on which they are based have been verified.)

## **Traffic and Parking**

The City has identified circulation impacts of taxicabs as an area of concern. Parking by taxicabs has also been an issue, especially waiting in metered spaces for business.

No data about congestion impacts of taxicabs is available. However, the City has provided records of traffic citations issued to taxi drivers from 2005 through 2007 and parking citations issued from 2004 through 2007. Figure 2-6 show the most common traffic citations and Figure 2-7 shows the most common parking citations. The most common citation, “Parking of Vehicles,” is based on the section of the taxicab ordinance that prohibits taxis from waiting for customers except in a taxi zone or leaving a vehicle unattended in a taxi zone (Code Section 6.48.08).

## Figure 2-6 Most Common Traffic Violations

Traffic Violation (2005 – 2007)	Total
Parking of Vehicles	147
Seatbelt Violation	80
U-Turn in Business District	78
Disobey Instructions	60
Failure To Stop at Red	39
Minimum Speed: Impeding Traffic Flow	32
Unsafe Speed for Prevailing Conditions	29
Taxicab Signs	22
Yield to Ped at Crosswalk	18

## Figure 2-7 Most Common Parking Violations

Parking Violation (2004 – 2007)	Total
Disobey Sign	384
Red Zone	204
Meter Over	121
Preferential Parking	59
Overtime	54
White Zone	45
Street Sweeping	44
Bus Zone	16

Overall, these listings contain 975 parking citations over a four year period and 681 traffic citations over a three year period. The number of licensed taxis has not been constant over this period, and various companies have gone out of business or entered the market, so it is not possible to determine with precision the number of citations a typical taxicab receives. However, compared to the 412 taxis currently licensed, the total numbers do not seem extraordinary. Note that parking violations may be a symptom of excess supply in the street-hail market; if designated taxi stands are full, drivers must choose between parking illegally and burning fuel while cruising for a fare. In a few cases, parking violations could indicate a need for designated taxi zones.

## City Fees

City Fees have been a source of complaint from taxi drivers and owners. The fees are adjusted each year using a Cost of Living escalator. Once every five years a full fee study is done. The fee study determines the City's actual cost to provide the service that each fee is for. By ordinance, fees cannot exceed the actual cost of the service. The last time a fee study was done, it resulted in tripling the driver permit fee to \$135 (since increased by the Cost of Living escalator). Taxi owners pay the \$250 business license tax per cab in lieu of the usual business license tax based on gross receipts (\$1.25 per \$1,000 of gross receipts for most businesses). Changing the amount or the method of calculation would require voter approval per California Proposition 218. The Peer Review provides a comparison on fees in Santa Monica and other jurisdictions.

The economic analysis in Chapter 4 suggests that annual gross revenue for a taxicab may range from roughly \$37,000 for an independent operator to roughly \$64,000 for a taxicab affiliated with a local feet. These figures imply that the current business license tax is equivalent to a rate of about \$4 to \$7 per \$1,000 of gross receipts.

## **Complaints about Drivers and Owners**

The taxicab complaint hotline was instituted by the City as a part of the 2004 taxicab ordinance amendments. It is monitored by a staff member of the Consumer Protection Unit of the City Attorney's Office, and serves as the primary tool for consumers to notify the City of complaints against local taxicab companies and drivers. The hotline asks the caller to leave some basic information about the caller and their complaint. If the caller leaves a call-back number, the staff member returns the call to get further information about the complaint and verify facts (cab company name, cab number, date and time of incident, amount of loss/receipt).

A common complaint concerns cab companies/drivers not honoring their promotional coupons, for example coupons posted in the Yellow Pages or in direct mailings. When there is evidence that the cab company has failed to honor a coupon, the Consumer Protection Unit has been successful in using the State false advertising law to get restitution on behalf of the consumer. In most cases, cab companies have been willing resolve the disputes informally, without the parties having to go to court.

Other complaints include calls from senior residents about cabs refusing short trips and calls about drivers who claim they can't take people in wheelchair. The Unit has also received complaints about customer service issues, such as drivers not understanding English, drivers not watching the road or taking long routes, and lost belongings left in cabs.

The Executive Director of the Bayside Development Corporation (which promotes and oversees the downtown area) reported concerns of businesses and others downtown. Specific issues include taxi drivers speeding in business district alleys, blocking the alleys when they queue up for space in the taxi stands, urinating in alleys, dropping cigarette butts on the sidewalks, and inappropriate behavior (whistling at women for example). She believes that the behavior issues are not as bad as they used to be. However, she does not hear any complaints about the service. The President of the Convention and Visitors Bureau confirmed that complaints about taxicab service from her members are few and far between.

One staff person who lives in Santa Monica and uses taxis frequently, praised one of the larger Santa Monica companies. He always uses the same company. They are never late, always polite, and always clean. In his opinion, good service exists but you need to be an informed consumer. The same person has also heard complaints from residents about drivers taking long routes, not opening the door for the passenger, and extremely bumpy rides.

While most City staff have limited experience with taxi drivers and owners and customers, they do interact with them as part of the permitting process. Many drivers and owners are unprofessional in their dealings with Revenue Department staff. This includes language, hygiene, and attitude. Evidence about driver behavior also comes members of the public who have been involved in an accident with a taxicab and come to the Revenue Department for insurance information because drivers refuse to provide it. Revenue will provide the insurance company of record if asked.

Although the City conducts background checks as part of the annual permit process, it may not receive notification of arrests made during the year. This is an optional feature of the Live Scan program that must be specifically requested in writing. On occasion the taxi detail officer will speak to taxi companies about driver issues. The Los Angeles companies will generally remove a driver based on a complaint from the Santa Monica police.

Taxi drivers and managers also expressed concern about drivers who violate rules, don't know their way around, overcharge customers, and behave rudely. In their view, these drivers create a bad image for taxis and for Santa Monica in general, and make it harder for service-oriented drivers to make a living. They strongly support the City cracking down on problem drivers.

## **Vehicle Condition and Appearance**

Staff expressed concern that the mechanical inspections required for a taxi permit (done by a state certified mechanic) are not adequate, since it is probably possible to buy one. The taxi detail officer has removed taxi decals in the field, for example for really bad brake noise, bald tires, and lack of signage. However, in his opinion, the cabs are mostly kept running pretty well and fixed promptly. Regarding signage, he noted that some of the Los Angeles company drivers may put their Santa Monica permit in the glove box because the police in Los Angeles don't like the Santa Monica permits.

Many taxis in Santa Monica look alike. The majority are painted all yellow, a color scheme that in Los Angeles is limited to Yellow Cab Company. The cab companies make up their own identification numbers and there is no system to avoid duplication. This situation causes confusion for customers, and makes it harder to enforce rules and investigate complaints.

Taxi drivers and owners support clearer rules and enforcement related to vehicle appearance. One company manager noted that Santa Monica has no rules limiting the age of taxi vehicles.

## **Administrative Issues and Insurance**

The large number of cab companies, including many one and two-person companies, increases the staff effort to process applications. According to City staff, it takes as much time to deal with a one or two-person company as a larger one. Not all of the staff interviewed agree on the threshold below which company size is an issue. One staffer has found that companies with fewer than 10 or 15 cabs are inefficient and burdensome for the City to manage.

Drivers and owners complain to City staff that the licensing and permitting process is too slow and unnecessary. In the workshop held for this project, they supported increasing the staffing devoted to this function. The Revenue Manager agrees that the current process is cumbersome, involving separate visits to the Revenue Department and the Police Department, and would like to see it more centralized. The Police Department has volunteered to take the process over as done in Long Beach where the current Chief used to work. In a similar way, other licensing and permitting functions have been moved from Revenue to other departments that have some relationship to the businesses in question.

According to City staff, issues related to insurance have been a source of some difficulty, although less so in recent years. There has been a history of inadequate or fraudulent insurance. For example, one company told its insurance company that its cabs were all based in Victorville in order to obtain lower rates. In the past some companies were self insured and

some used shaky “offshore captives.” The regulations were changed to eliminate self-insurance and establish rating standards for insurance companies.

In 2004 the City’s Risk Manager proposed increasing the insurance amount. The proposal was not implemented due to opposition from the companies, especially the smaller ones. While additional coverage might offer some protection the City, the main purpose of increased coverage would be consumer protection.

Often vehicle insurance lapses because of non-payment of premiums, especially in the case of the smaller companies. In these cases the City receives notification from the insurance company and has to tell the taxi owner to reinstate coverage or cease operation. The owners sometimes claim not to know that coverage has been cancelled. The underlying issue in this case is most likely financial viability. Companies with limited financial resources are also more likely to operate vehicles in poor condition.

## **Operation in Los Angeles**

Two issues related to operation in Los Angeles are: 1) illegal operation in Los Angeles by companies based on Los Angeles, and 2) whether companies that operate principally in Los Angeles offer unfair competition to companies that operate only in Santa Monica.

The City has been contacted by the Los Angeles Board of Taxicab Commissioners about illegal operation in Los Angeles by drivers licensed in Santa Monica. According to a letter from the commission’s president, 400 drivers licensed in Santa Monica have been arrested since 2000 for illegal operation in Los Angeles. These arrests account for 20% of all arrests for illegal operation in the same period.

City staff have been working with staff of the Los Angeles Department of Transportation in looking for a way to deal with bandit cabs. Santa Monica’s open entry system provides an opportunity for a driver to obtain a license and outfit a vehicle as a taxicab with similar appearance as a company that operates in Los Angeles. There is anecdotal evidence reported by City staff, based on conversations with drivers and observation, that some people get licenses in Santa Monica but work on the fringes (and a little farther than that), including Venice, Hollywood, and Pacific Palisades. Drivers have indicated that they are not bothered in Hollywood and Pacific Palisades. Santa Monica police have participated with LADOT in a sting in Pacific Palisades. Ways of doing a sting include calling for a ride and standing on Santa Monica Blvd well over the City Limits and attempting flag a non-Los Angeles cab.

If a driver has been arrested for illegal operation in Los Angeles it will show up on the driving history. However, illegal operation in another jurisdiction is not grounds for permit denial in Santa Monica. Grounds include criminal offenses, offenses related to unsafe driving, and violation of Santa Monica’s own taxi code.

Drivers who are licensed only in Santa Monica offered a different perspective on this issue. They see it as unfair that the Los Angeles companies and drivers can bring passengers into Santa Monica and can also take them from Santa Monica to other places, while “Santa Monica drivers” who take passengers into Los Angeles cannot serve a return trip. They say that they receive requests for service from people who live in Los Angeles near Santa Monica which they have to turn down. They also believe that the need to return empty requires them to charge higher fares than the Los Angeles companies. They also believe that Santa Monica companies

provide better service to residents, including willingness to serve short trips and people with disabilities, and offering discounts.

## **Taxi Zones**

The City has established taxi zones in at least nine locations where there is significant demand for taxi service. The taxi detail officer and other patrol officers conduct spot checks at the taxi zones. One downtown zone is a loading zone until 11:00 am, after which taxis can use it; a second zone is a loading zone until 6:00 pm. The drivers try to get spots in the zones early. Examination of citation records showed a sharp peak in traffic citations during the 5:00 pm hour. Drivers also try to queue up for a spot in the zones.

According to the Manager of the Transportation Management Division, taxi zones were established in places where space was available and through lanes were not needed. She observed that the function of taxi zones is to have taxis available for customers, not to provide waiting space for as many taxis as want it. The fact that the taxi zones are usually full shows that there are more spaces than needed to serve the actual demand. She suggested reducing the number of spaces per zone and shortening the zones.

The Executive Director of the Bayside Development Corporation regards the downtown zones as appropriately sized and located. However, she also noted that there are a lot more cabs than needed, as shown by the fact that cabs queue up for the zones.

At the taxi driver workshop, some participants said there should be more taxi zones. In the case of the downtown area, this view is at odds with the observations of City staff. However, the drivers also noted that there is more demand for taxis in certain other situations than can be served by the available zones. An example was on Main Street at closing time for the bars. There is a zone with space for only one cab on Main Street.

The consultants observed use of four taxi zones in the downtown area for about 90 minutes in the early afternoon on a Thursday and in the evening on a Wednesday. As shown in Figure 2-8, each zone was observed three or four times. Figure 2-8 shows the legal capacity of each zone, the number of different cabs that were seen at any time in each zone, and the minimum number seen at any time in each zone, and the number of different cabs seen “waiting illegally” for the zone, for example in a space adjacent to the zone. At no time was any of the zones empty. The zone on Santa Monica Boulevard near the Third Street Promenade is the busiest of the zones and showed a lot of turnover during both observation periods. This is also the location where there is the most illegal waiting; it was consistently full, usually with one or two cabs illegally waiting, generally in curb spaces adjacent to the zone. The zone on Broadway always had at least four cabs in it with little turnover. Other zones had much less turnover. In several cases, individual cabs waited for the entire observation period without getting any fares.

**Figure 2-8 Downtown Taxi Zone Observations**

Location	Period	Capacity	Total Cabs Observed	Minimum at the Zone	Cabs Waiting Illegally
<b>Afternoon Times</b>					
Broadway at 2nd	12:30 – 2:02	4	6	4	0
Santa Monica Blvd at 3rd	12:36 – 2:09	7	13	5	5
Arizona at 3rd	12:41 – 2:10	4	7	4	0
Ocean Ave at Broadway	12:45 – 1:46	2	2	1	0
<b>Evening Times</b>					
Broadway at 2nd	8:51 – 10:32	7	9	5	0
Santa Monica Blvd at 3rd	8:58 – 10:39	4	12	4	2
Arizona at 3rd	9:04 – 10:44	4	8	1	0
Ocean Ave at Broadway	9:09 – 10:46	2	2	1	0

**Santa Monica Pier**

According to two City staff people who work on the Pier, and also the Executive Director, of the Santa Monica Pier Restoration Corporation (PRC), taxis cruising on the Pier are a source of congestion. Taxis drive to the loop at the parking kiosk and drive slowly back, hoping for a fare. According to the Executive Director, taxis drive as slowly as possible and linger wherever there is an opportunity to pause such as at stop signs and red curbs. At times they account for as much as 80% of the vehicles on the Pier. Since the roadway is narrow, they block traffic even when they stop to pick up or discharge passengers. A related problem is that there is no designated or even established unofficial place for them to wait.

An analyst who works for the City’s Housing and Economic Development Department and manages leasing on the Pier reported seeing people looking for a taxi to get back up the steep incline to the street from the Pier. For these people taxis are a benefit, but they back up traffic tremendously. Pier staff identified a possible taxi stand location which the City’s transportation planners said would be feasible, but the business owners at that location objected. The possibility was examined of making a place for taxis in the Pier’s large parking deck but staff were not able to work out how to do it.

The PRC Board has recommended that the City establish franchises for taxicabs. They also wanted to look at whether picking up at the Pier could be established as a quasi leasing opportunity that could be limited to a single company. They have also looked at establishing a transit connection on the Pier and this might still happen. The PRC Director noted that over the holidays they received several complaints from visitors who took cabs from the Pier to other activities and felt they were charged too much. He noted that it is hard for just one police officer to control the large number of cabs in the City.

The consultants observed taxis on the Pier on a Wednesday between 9:16 and 10:56 PM and on a Thursday between 12:45 and 1:45 PM. During each of four five-minute periods on the Wednesday evening, one or two taxis were observed cruising the Pier. During each of four five-minute periods on the Thursday afternoon, between three and five taxis were observed cruising the Pier. These brief observations indicate that a pedestrian would rarely have to wait long for a taxi on the Pier, even at 10 PM on a Wednesday.

## **Interference with Bus Operations**

According to staff of Big Blue Bus, taxis frequently interfere with bus operations by stopping to pick up and drop off in bus zones. This interference happens too quickly for the police to catch. However, Big Blue Bus has cameras on its buses that record this interference. If these pictures could be used as evidence, it would be possible to revoke taxi licenses for use of bus zone



## Chapter 3. Methods for Improving Conditions

This chapter addresses a variety of concerns about taxicabs in Santa Monica. For each issue, there is a discussion of options for addressing that topic. The topics include:

- Finding the Right Number of Taxicabs
- Company Requirements
- Driver Background And Qualifications Standards
- Methods to Select Companies and Control the Supply of Taxicabs
- Vehicle Emissions Requirements
- Vehicle Standards and Inspection
- Fare Regulations
- Insurance
- Service to Hotels
- Enforcement and Staffing Levels
- Senior and Disabled Discounts

The discussion draws extensively on the results of the peer review contained in Appendix A.

### Finding the Right Number of Taxicabs

All of the evidence indicates that Santa Monica has an excess supply of cabs, especially at taxi stands and cruising downtown:

The peer review shows that the number of cabs per capita is higher than in most of the peers. An estimate of “full-time equivalent cabs”, adjusting for part-time operation by taxis that are permitted in multiple jurisdiction or spend a significant portion of their time serving an airport, would probably show that Santa Monica has more cabs per capita than any of the peers.

An economic analysis in Chapter 4 shows that, given reasonable assumptions about the demand for taxi trips, the current numbers of cabs and drivers result in extremely limited income potential for many drivers. This in turn may help fuel high fares established in an attempt to preserve income. It may also limit the ability of companies to invest sufficiently to provide quality service.

The on-street data collection confirms that downtown taxi stands are consistently full and some have limited turnover. In other words, cabs wait there for long periods before getting any business.

In theory, market dynamics might be expected to limit taxi numbers. However, experience has show that the supply of poorly financed individuals who are willing to endure low earnings and long work hours is sufficient so that oversupply can persist. Hence there is a

convincing rationale for some form of entry control. Several methods for regulating entry to the market are presented in the next section.

Regardless of what method of entry control the City uses, it will be important to establish some guidelines for estimating a desirable number of taxicabs in Santa Monica. Several lines of evidence have been examined to provide guidance about this point. These include:

- Comparison to peers
- The current distribution of companies and independents
- An analysis of the economic of the taxicab industry in Santa Monica

### Evidence from Peers

Figure 2-2 in Chapter 2 provided the number of taxis per 1,000 population in each of the peers, plus Arlington, Virginia. If cabs per 1,000 population from the peers, including Arlington, is applied to the population of Santa Monica, the limits shown in Figure 3-1 would result.

**Figure 3-1 Hypothetical Limits based on Comparison to Other Cities**

City Used to Set Cabs per 1,000	Resulting Limit in Santa Monica
Arlington	277
Beverly Hills	299
Los Angeles	52
West Hollywood	1,248
Sacramento	77
<i>Current Santa Monica</i>	<i>412</i>

Of the peers, Beverly Hills and West Hollywood are more comparable to Santa Monica than the others in terms of size, density, and mix of markets, including residents, business travelers, and tourists. The situation in West Hollywood is complicated by the fact that 75% of the taxis operating there are also permitted in Los Angeles or Beverly Hills. By comparison, only 37% of taxis in Santa Monica are permitted in another city. Beverly Hills allows taxis to be joint permitted only in West Hollywood. Arlington is much bigger than Santa Monica but approaches it in terms of density. The airport trade has a bigger influence in Arlington than in Santa Monica—although the 37% of Santa Monica taxis that are permitted in Los Angeles can pick up at LAX, they can do so at most one day per week.

Overall, the evidence of the peers is that at most 200 to 300 taxis might be an appropriate number for Santa Monica, depending on the future mix of taxis that are permitted in other jurisdictions as well. The lower figure is based on Arlington, with an adjustment for taxis that work the airport. The higher figure is based on Beverly Hills, or else West Hollywood with an adjustment for part-time operation by joint-permitted cabs.

## Evidence from the Current Industry Structure

Another approach to setting a numerical limit would consider the portion of total fleet currently represented by the very small companies, which a number of observers perceived as being most problematic in a number of respects. For example, the number of taxis affiliated with companies with five or more taxis is 349. Increasing the cutoff point reduces the number of taxis, as shown below:

Minimum Size (Cabs per Company)	Total Cabs
5 or more	349
6 or more	329
7 or more	323
8 or more	309
9 or more	282
10 or more	272
20 or more	245

This does not necessarily mean that requiring all companies to have a specific number of cabs would result in these numbers, since small operators could band together to meet the new requirement, as happened in Sacramento.

## Evidence from Economic Analysis

Chapter 4 presents an economic analysis of the taxi business in Santa Monica, including a test scenario for a reduced number of taxis in the future under new regulations. Key results from the analysis include:

- Even assuming that demand for taxi trips is very high compared to other cities, taxi drivers are currently making only about \$24,000 per year working six days a week.
- Taxis are significantly underutilized and could easily carry more passengers in an average shift.
- Depending on the future of joint-permitted cabs in Santa Monica (i.e. taxis that also operate in Los Angeles and/or other cities), a smaller fleet of between 210 and 310 cabs could easily accommodate existing demand.
- This smaller fleet would allow for driver income to increase by about 15%, even after taking into account added costs due to likely changes in regulations.

The lower fleet size of 210 cabs assumes that all taxis operate exclusively in Santa Monica. Depending on measures adopted by the City, this could happen. For example, an RFP process could heavily favor exclusive Santa Monica operation. Vehicle requirements, meter rates, and signage requirements could make it impossible or very difficult for taxis to operate in Santa Monica and other cities. The higher fleet size assumes that the number of joint-permitted cabs falls only slightly from current numbers, and that they spend only about a third of their time in Santa Monica. Having such a joint-permitted fleet would provide valuable flexibility to respond to peaks in demand.

It needs to be stressed that this economic analysis is very speculative and involves many assumptions that had to be made because of limited data. As explained further in Chapter 4, the estimated appropriate fleet size is far more likely to be high than it is to be low.

## Controlling the Supply of Taxicabs

Many methods can be devised for controlling the supply of taxicabs, including determining which companies can operate. These can be roughly grouped under three headings:

1. Minimum standards
2. Regulating entry by companies using an RFP process
3. Regulating the number of taxicabs, combined with a method to select companies and determine how many cabs each one can operate

Each of these is discussed in turn.

### Minimum Standards

One approach to limiting the negative effects of oversupply is by means of minimum standards that apply to companies as well as to individual drivers and vehicles. Among the peers, Sacramento exemplifies this approach. Prior to reforms in 2006 the situation in Sacramento was similar to that in Santa Monica with an open-entry regulatory system and numerous independent owner-operators operating poor quality vehicles who were overly dependent on downtown taxi stands and without access to dispatch service.

Sacramento adopted a number of requirements including a minimum size for companies or associations, dispatch service, distinctive color schemes and unique numbering, a staffed place of business, and stricter vehicle inspections by a single designated inspection station. Sacramento grants "taxicab fleet association permits" that must be renewed annually. A similar result may be obtained by granting multi-year franchises with no limit on the number of franchises. By raising the bar for entry into the taxicab business, these requirements should, in principle reduce oversupply. Companies would not be willing to invest in excessive amounts of equipment that is not justified by demand. Also companies would not want to be responsible for the behavior of an excessive numbers of drivers who are all competing for a limited market.

In Sacramento, under the new regulations, service quality appears to have improved and City staff report that association managers are working to address problems. However, the number of taxis has actually increased. Prior to a moratorium established in 2003 there had been 353 in operation. This fell through attrition during the moratorium to about 320. As of February 2008 there were 371 cabs in operation. There may be a continuing issue with taxis parking in metered spaces downtown that the City needs to address.

Sacramento's entry standards did not include a number of items that have been proposed or discussed for Santa Monica. These were described in the previous section. Some of the requirements that would likely affect the number of companies and the number of cabs in operation include:

- Requirements for SULEV vehicles
- Increased liability insurance limits
- Requiring dispatch by means of radio or computer, rather than by cell phone
- Driver training or testing requirements

These requirements if implemented would increase the financial resources needed to establish and maintain a taxi business and would probably limit entry further than occurred in Sacramento. The next two sections provide a detailed treatment of possible standards that have been applied to companies in other cities and could be applied in Santa Monica.

One risk of minimum standards alone, is that companies would be reluctant to invest capital without some assurance of market share. This could limit entry to those companies that already have a dispatch system. Alternatively, companies that applied successfully for a permit, after seeing how many others were still in the market, might change their minds and drop out. One possible result would be domination of the market by regional companies that could meet the standards more easily than smaller, Santa Monica-only companies. If the requirements were such that regional companies were excluded (for example due to incompatible standards for vehicles, signage, or meter rates), a fleet without ability to respond to peaks in demand could result.

If a relatively lenient set of minimum standards were adopted, a risk could be continued operation by as many as 15 to 20 companies with attendant administrative burden on City staff. If the result was a large number of companies, it could be difficult to establish measures to avoid having cabs that are overly dependent on street business. It would be hard to enforce that a dispatch system, in addition to existing, is actually used. Further, it is doubtful that as many as 15 companies could effectively compete for dispatch business. It would be up to the City to actively enforce rules holding companies responsible for any continued undesirable driver behavior.

## **Regulating Entry by Companies Using an RFP Process**

A request for proposals (RFP) can be used to award a limited number of franchises or company permits. Some set of minimum standards such as described above would be used, but companies would be asked to propose enhancements that would be used to decide which companies received one of the limited number of franchises. Limiting the number of companies would provide proposers with some assurance that they would have access to a sufficiently large market to justify investments. Proposers would be required to spell out their plans for achieving or exceeding company requirements such as those described in the preceding section. They would then be scored on these plans and required to carry them out by the franchise ordinance.

In principle, once selected, the companies could be allowed to operate as many taxicabs as they thought prudent. This might be a course of action for example if the objective was to reward companies that offered superior proposals and where there was little incentive to oversupply the market with taxicabs. However, when the regulation on the number of companies is *new*, new entrants (perhaps including newly formed associations or new startups) may still be fearful of entry and its high investment if there are no limits on the number of taxicabs that can be operated in the marketplace.

Two variations on this concept include: 1) use existing companies and their permit levels as a baseline; and 2) treat companies that operate exclusively in Santa Monica separately from companies that also operate in Los Angeles and/or other jurisdictions.

The first concept is illustrated by West Hollywood. Existing franchises that received a passing threshold received their current permit levels. Remaining permits were then allocated to new entrants based on the number of additional companies needed and the RFP point system. Since Santa Monica does not currently have franchises or company permits, some criterion would need to be set for which companies qualified for this pass/fail treatment. For example, companies might pre-qualify by demonstrating that they already meet certain criteria, such as having a radio or computer dispatch system and operating the established minimum number of permitted cabs. For example, there are currently seven companies with at least 20 permitted cabs. Mostly likely some of these operate a radio or computer dispatch system.

The second concept would provide a way to balance the advantages of having companies that concentrate on Santa Monica and companies that serve the entire region. Since the regional companies operate cabs that are not dedicated to Santa Monica, they provide flexibility to serve peak periods, including during special events. At other times, when there is less business in Santa Monica, they would choose to operate elsewhere. (Another way of handling non-dedicated vehicles might be to grant temporary permits to non-dedicated vehicles in exchange for these companies providing detailed utilization and trip data for detailed analysis.) The rules that are adopted concerning vehicle types, fares, and vehicle signage, joint operation in Santa Monica and other cities may determine whether it is feasible for cabs to be joint permitted.

## **Regulating the Number of Taxicabs and a Company Selection Process**

Depending on the companies and market forces, approaches such as minimum standards and/or limits on the number of companies may not have a significant impact on the oversupply of taxicabs. An additional alternative then is to regulate the number of taxicabs. The appropriate number of taxicabs in Santa Monica was discussed at the beginning of this chapter.

This would help assure companies that they will have access to a reasonable market share per cab to justify investments. Limiting the supply of taxicabs is very common in U.S. markets. Assuming that Santa Monica establishes a minimum size requirement for company fleets, limiting taxi numbers automatically implies some upper limit on the number of companies as well. Two process for determining which companies can operate and how many cabs they can operate are: 1) a political or administrative process based on “public convenience and necessity” (PC&N); and 2) a request for proposals (RFP).

**Public Convenience And Necessity.** The PC&N process is the most common method for allocating companies and permits. This system works through some sort of political or administrative hearing process. These systems typically decide the number of companies and the number of taxicab permits by requiring that companies desiring to operate taxicabs demonstrate the “public convenience and necessity” or “need and necessity” for the number of taxicabs they wish to operate in the area. Need and necessity however is not always easy to quantify, and arguments over who should get the permits tend to result in highly

politicized or administratively intense processes. For these reasons other methods have arisen for allocating taxicabs permits and company operating authorities. The peer review reflects that both West Hollywood and Los Angeles came from this type of method when they switched to an RFP.

A variation on the PC&N process that reduces the frequency at least of the politics involved is to require applications to be submitted on a periodic basis. Although this reduces the frequency of hearings and allows for a competitive hearing, the periodic application process still requires a method for determining the number of permits and for selecting the companies. One might use a lottery for picking applications, but with the exception of medallion markets where limited permits are traded, such methods of selection are not common.

**Request for Proposals.** A process for selecting companies that has more recently evolved has been the RFP system, a system that has additional advantages because the government is already familiar with similar methods for competitively awarded contracts. The RFP criteria and processes for Los Angeles and West Hollywood are described in the peer review (Appendix A). Both of these cities switched to an RFP process when their taxicab industry was quite different than that in Santa Monica today. Both were already franchise style systems with limits on the number of taxicabs and companies, with the franchises and permits awarded as previously described by a political process. In both, a major goal of the system was to have a process for awarding companies and permits. Additionally, in both there was a goal to increase company standards beyond those contained in the regulations, expanding on minimum standards by holding companies to proposals on higher company standards, made in order to keep their franchises or to obtain more permits.

Just as in an RFP process with limits on companies but not taxicabs, proposers are required to spell out their plans for achieving or exceeding company requirements and are then scored on these plans and required to carry them out by the franchise ordinance. In addition, the scores can be used as part of a formula to determine how many permits each company would receive out of the limited number set by the City. The peer review matrix shows the criteria used for permit allocation by Los Angeles and West Hollywood.

With taxi permit limits, and with limits on the number of taxi companies, the City may wish to distinguish between permits for cabs that operate only in Santa Monica and permits for cabs that also operate in other jurisdictions. The appropriate number of taxis will be larger if a portion of them are joint permitted, as was discussed earlier in the economic analysis of taxi operations.

A significant risk in an RFP process with limits on taxi numbers is the lack of good data on which to base the initial limit. Dispatch information is lacking to estimate current demand, and true figures on the number of taxicabs being utilized in the market have to be estimated. The economic analysis section reviews the impacts of these uncertainties.

A process would also need to be established to adjust taxi permit limits over time and to allocate additional permits. In the peer cities the initial numbers of cabs were developed by staff analysis and council approvals. However, if the numbers need to be adjusted in the middle of the franchise period, then in the peer cities the process reverts back to need and necessity and council hearings. As an alternative to this Santa Monica could specify in its RFP what process would be used to allocate additional permits (for example proportionally

to existing permits), or could reserve the right to issue a supplementary RFP at any time to allocate additional permits. As a practical matter, the City would want to consult with the companies to assess their interest in adding cabs to their fleets. From our interviews with companies, it is likely that at least some of them would welcome a process that includes flexibility to add permits as market conditions permit.

**Formulas.** Formulas are used in some jurisdictions for determining the number of permits for the market. The most rudimentary of these is the population ratio method. However, as is clear from examination of the peers, population is only one of multiple factors that affect demand. Taxicab demand can go down when population increases, and vice-versa. Estimates of population growth for individual cities between census counts are difficult to make. Some jurisdictions have therefore implemented more sophisticated formulas that take into account other factors such as airport trips and hotel nights.

Ideally adjustments to the number of taxi permits would be based on real market data. Much of the needed market information should be maintained by the taxicab companies, assuming that the companies are required to maintain and provide this data to the City, including dispatch records and driver logs. Factors may include response time to dispatches, trends in the number of dispatch requests, and availability of taxicabs in taxi zones and at hotels. This analysis should take account of difference in periods of peak demand and other times.

One theory for example is that if dispatch records justify additional cabs, there is no logical reason not to allow them, since it is typically cabs sitting at stands or drivers short of income that are the major concerns. However, an adequate number of dispatches to justify additional cabs may still result in shortages during peak periods and an excess supply off-peak. In cities such as West Hollywood and perhaps Santa Monica also, this phenomenon argues for supplemental non-dedicated cabs that will only work the areas when needed.

## Specific Company Requirements

All of the entry control methods described in the preceding section presume regulations and standards that apply to taxicab companies. These regulations are intended to improve service, protect consumers, and reduce negative impacts of underutilized taxis.

As pointed out in the previous section, many of these requirements may also have the impact of reducing the supply of taxicabs and/or taxicab companies. The rest of this section describes specific company requirements that could be used in Santa Monica.

### **Minimum Fleet Size / Service to Entire City**

Many cities require that a company maintain a minimum number of vehicles. All of the peers have minimum fleet size requirements. A related common requirement is that companies respond to dispatches in the entire city. The latter requirement is a customer service standard to ensure all locations in the city are being served. A minimum fleet standard ensures that there are enough cabs to provide at least a minimal level of service throughout the city.

A second purpose for requiring minimum fleet sizes is to ensure companies doing business in the city have an adequate fleet to justify the overhead required to provide essential taxicab functions in the City, for example dispatch service and (potentially) wheelchair

accessible cabs. Fleets of a minimum size may also reduce the City's effort to administer and enforce taxicab regulations, as City staff will be dealing with a smaller number of companies.

Finally, it is often hoped that companies who adhere to some minimum size will have a vested interest in not oversupplying the market with cabs. The previous section reviewed the arguments on this issue.

One choice with minimum fleet sizes is whether vehicles should be required to be present and available or merely in service. Most jurisdictions do not deal with this matter, so insured and permitted vehicles "on the lot" would count toward the minimum. For example, if the counts are only made at inspection time, this is merely a periodic check of the number of vehicles available. More effective regulation would require reporting of vehicles that go out of service, spot checks in addition to scheduled inspections, or documentation that vehicles are actually carrying passengers. Some allowance can also be made for replacing vehicles that are in accidents or otherwise go out of available service for reasons other than age limitations. Dispatch logs and driver logs can help determine the number of vehicles actually in use.

## **Distinctive Name, Taxicab Color Schemes and Unique Numbering**

Distinctive company names and taxicab color schemes help customers distinguish between taxicab companies in the marketplace. There are a number of resulting benefits including facilitating comparison shopping and therefore competition, assisting customers in locating their taxicab, assisting with enforcement against unauthorized companies, and assisting in reporting and investigating complaints. The vast majority of jurisdictions have such a requirement. (The major exception here is the few markets where taxicabs cannot respond to radio dispatches but only flags or walk-ups, such as New York City.) Probably the only downside to the City is the requirement to award color schemes. In the case of Santa Monica, the presence of existing companies with similar color schemes means that a method for dealing with competing requests for similar names and color schemes may be needed, such by RFP scoring, a lottery, or negotiation. Any method should take into account the existing company color schemes or names and companies' investment in these schemes, especially where they were unique when they were established in the city.

Other typical regulatory requirements for taxicab markings are implemented for similar reasons, especially requirements for assigning and displaying a unique unit number. No two cabs within a company should ever have the same unit number. Many jurisdictions go further and require all unit numbers in the City to be unique. This latter requirement would need to make allowance cabs from multiple jurisdictions, for example by giving all Santa Monica-only cabs a distinguishing prefix

Another common requirement is that the telephone number for the company be posted on the outside of the taxicab. Many jurisdictions also require taxicab markings to be of a minimum size and specify either where or on what sides or other locations the postings must be. Sometimes the names of companies are also required on the vehicle top lights. Finally, much of the information on exterior signage is also commonly required to be posted on the inside of the cab. To avoid multiple jurisdiction issues with these requirements, smaller jurisdictions frequently take this wording from the largest common jurisdiction,

which in this case would be Los Angeles. Santa Monica already requires company names and phone numbers on the side and rear of cabs, but the value of this information is limited in the case of independent drivers.

## **Published Telephone Number Requirements, Telecommunications and Marketing**

Many cities require published telephone numbers to ensure that customers can contact the taxicab company by their name by using the local telephone directory. The requirement would need to allow for the gap in time between a company entering business and the publication of the next edition of the telephone directory. Allowance would need to be made for exceptional circumstances, for example if the telephone directory or telephone company makes a mistake in the directory. Legitimate companies would have no problem with such a requirement, and in fact would publish their telephone number at every opportunity.

Beyond basic requirements for taking telephone calls, regulatory standards for telecommunications systems are not commonly part of minimum requirements. This is likely due to complications with specifying minimum telecommunications standards that would apply to all companies. However, when an RFP process is used, it is common to ask prospective companies to submit detailed telecommunications and/or marketing and advertising plans. Telecommunication plans would allow companies with more advanced equipment, backup capabilities, procedures, call center reporting, and similar features to receive higher scores. Similarly companies that go beyond mere telephone directory listings and either have or propose a marketing and advertising campaign for dispatching calls would receive higher scores.

## **Financial Stability**

Financial submission requirements are common in company application requirements, but definitive definitions of the minimum financial requirements the companies must meet are not. For example, as shown in the peer review, Los Angeles and West Hollywood specify the documentation that must be provided, including financial statements and evidence of debt funding, but the only standard given is that these documents provide “adequate demonstration of financial capability to perform in accordance with the franchise ordinance and the applicant's own proposal.” A possible review process would be for the City’s financial representative to review each application’s financial information for sufficiency. For example, the City could look to see if the available cash reserves or a line of credit is sufficient to maintain a regular vehicle replacement schedule and to establish or upgrade a dispatch system. Some jurisdictions require performance bonds or deposits also, including for example the City of Los Angeles.

RFPs require similar information and can use the same sufficiency tests as application methods. RFPs can and usually do, however, score the financial information submitted and use this as one of the many items compared among company proposals. Both peers using the RFP method do this also.

## **Staffed Place of Business, Facility Location and Complaint Procedures**

Companies are commonly required to have a staffed place of business and to have procedures for documenting and responding to complaints. There might be a requirement that the business office be staffed during the hours of 8:00 AM to 5:00 PM Monday through Friday by at least one staff person for the purpose of general management of the business, handling complaints, queries from regulators and so forth.

Some regulations also require a business office in the city or within a certain distance of the city. The logic to requiring a nearby business office is for customers and drivers' convenience when they need to interact physically, for example to collect lost property or change shifts, and to facilitate spot checks by enforcement staff. Some cities may also desire locations within their city to increase economic vitality or to favor local businesses.

RFPs go beyond the minimum standard by requiring that companies submit their staffing plans, organizational charts, resume information and so forth, for comparative evaluation among the companies. Similarly the companies' complaint procedures are submitted and evaluated. Facility plans are also requested and evaluated, and location can be taken into account along with other qualitative features. The RFP can also leave it to the proposer to explain how they will deal with lost and found and other aspects of driver and customer needs to interact with the business office.

## **Dispatching Service Requirements**

Most regulatory requirements require dispatchers to be on-duty during all hours that taxicabs are in service. Many jurisdictions go further than this, defining service hours as 365 days-per-year and 24 hours-per-day, thus requiring dispatchers to be on duty at all times. Having dispatchers on duty while taxicabs are in service is considered a minimum customer service standard for dispatching taxicabs, but it is also a security provision for drivers and passengers, assuring there is someone available in the event of an emergency in the taxicab.

Most jurisdictions require that company communications with drivers be over a two-way radio system rather than cellular telephones. The logic to this provision is that effective dispatching and other necessary communicating with drivers cannot occur over cellular telephones once the fleet reaches a certain size. Two-way radio systems allow communication with the entire fleet at once and more rapid communication with individual taxicabs. The peer cities all have this requirement. An effective dispatching system is important to ensure that drivers are not overly dependent on street hails and walk-ups for business.

## **Computer Dispatching**

There is a significant movement toward computerized dispatching in larger taxicab fleets. There are two general levels of this dispatching. Level 1 is that reservations are taken into a computer dispatching system which assists dispatchers with assigning taxicabs. The dispatchers then read and record the dispatches to drivers. Level 2 adds digital driver communications: rather than dispatchers reading the trips, trip assignments are digitally communicated to the taxicabs via some form of in-cab digital system, frequently an in-cab

mobile data terminal (MDT) or computer (MDC). All of the peer cities require digital communication with the taxicab in addition to two-way radio communication.

Computer dispatching brings a number of potential enhancements to quality of service and recordkeeping and reporting. These systems can be significant investments especially for the Level 2 systems. Level 2 systems can be further integrated with vehicle location technology in dispatch, such as GPS (Global Positioning System), further improving dispatch and driver / patron security in the event of an emergency. (Tracking vehicle locations from the base station can also be done with a system separate from and not integrated with a computer dispatch system.)

Because of the complexities of computer dispatching systems, requiring them via minimum standards is rare and limited to basic requirements such as in Beverly Hills, where the code merely states that digital communication is required in addition to radio. Where RFPs are used as with two of the peers, in addition to meeting the basic requirement the proposers are required to provide detailed plans describing the chosen technologies and their plans for utilizing the proposed systems in daily operations. Companies are then scored on these plans and held to them in the franchise ordinance, as is the case in Los Angeles and West Hollywood. It would probably not be economically realistic to require computer dispatch in Santa Monica, except in the case of companies offering regional service.

## **Response Time Standards**

Ordinances frequently require that if the company cannot respond to a call in some reasonable time period (such as fifteen minutes), that they advise the customer accordingly. However, it is relatively rare to have a standard for overall or average response times. Nevertheless it is done, including in Los Angeles. Such overall response times are an excellent gauge of customer service and the supply and demand for taxicabs. Calculating response times requires either periodic random sampling or review of computer dispatch records. Los Angeles for example uses the latter method, and requires in each company's franchise ordinance that they provide the computer dispatching information. If response time data is available it can also be used as part of a process to determine whether additional taxicabs are needed.

## **Vehicle Age Limits**

Some of the most common regulatory requirements are those pertaining to vehicle age. The logic behind such requirements is that taxicab vehicle condition reaches unacceptable levels after a certain number of years or miles. The obvious advantage to choosing years over miles is the ease of administering the rules. Maximums in the peer cities range from no more than 6 to no more than 9 years, including extensions based on annual or semiannual inspections.

Sacramento relies on a third-party inspection process by a single agency (Paratransit, Inc., the organization that operates paratransit service in the region) rather than an age limitation, using criteria developed by San Diego. In Santa Monica unlike most taxicab markets there are a substantial number of import or luxury vehicles. Many jurisdictions also allow longer usage for specialty vehicles such as wheelchair accessible and alternatively fueled vehicles. There are examples at least in the limousine industry for granting longer life spans for antique vehicles. Some jurisdictions use a mixed system whereby vehicles of a certain age require stricter inspections while newer vehicles do not.

## Minimum Vehicle Size Requirements

Many jurisdictions regulate the size of vehicles which may be used as taxicabs. Such requirements are intended to ensure that taxicabs can comfortably carry four passengers (or three in the back), and have adequate space for luggage. Los Angeles has detailed requirements for sedans, station wagons, vans and accessible vans. All sedans and station wagons for example must be classified as a “large car” or “large station wagon” by the U.S. Department of Energy’s [Gas Mileage or Fuel Economy Guide](#). As explained in the discussion of SULEV (low-emission) vehicles, it appears that no or few SULEV vehicles would meet the current size requirements in Los Angeles. New York City has had to modify its size requirements to accommodate goals for fuel-efficient vehicles.

## Wheelchair Accessible Cabs

Many jurisdictions have begun requiring that a certain number or percentage of the company’s vehicle fleet must be wheelchair accessible. The peers all have requirements in this regard. It is important that if wheelchair accessible vehicles are required that there are also requirements for the vehicles to be in operation. Many jurisdictions that have merely required companies to have accessible vehicles have then encountered problems with service levels. Ordinances with actual service level requirements are still rare. RFPs typically require companies to describe their plans for servicing calls for wheelchair accessible taxis and additionally their plans for assisting other special needs passengers, and require the companies to abide by their approved plans in the franchise ordinance.

Nationally, 1.2% of people age 15 and older use a wheelchair.<sup>1</sup> However, the percentage could be much higher in Santa Monica. In addition, people who use a wheelchair are less likely to drive than others and may be more frequent users of taxicabs if accessible service is available. Among the peers the highest requirement is in West Hollywood, where 10% of vehicles must be wheelchair accessible; a one-year phase in was allowed. A minimum requirement in Santa Monica might be that each company have at least one wheelchair accessible vehicle in service at all times.

## Emissions Requirements

Emissions standards are somewhat rare in the taxicab industry, but the local peers all have some form of overall fleet-wide emissions requirements in their minimum standards. However in each case the requirement was for relatively small percentages of vehicles in the fleet. We have found no other jurisdictions that use a requirement based on the SULEV certification. A detailed treatment of SULEV requirements is provided in another section. An RFP can provide flexibility for companies to structure fleet emission proposals around their other vehicle requirements. An RFP point system could allow consideration of multiple factors and tradeoffs to address multi-jurisdictional requirements, diverse vehicle sizes and types (such as vans, station wagons, and accessible vehicles), age limitations, alternative fuels, range needs, etc.

## Record Keeping

Record keeping requirements are quite common in regulations for the taxicab industry, but these requirements are also quite diverse. Many jurisdictions for example require drivers to

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<sup>1</sup> U.S. Census, 2002 Survey of Income and Program Participation

keep trip logs and many require companies to keep those logs. Of the peers, Los Angeles and Sacramento require driver logs. However, the computer dispatching requirements of the other peers accomplish much of this along with other record keeping. Nevertheless, computer dispatching systems do not routinely collect flag and walk-up trip data, so driver log requirements in addition can be very beneficial to taxicab analysis and for other purposes. Other justifications for driver logs and dispatch records are based on customer service, enforcement, driver security activities such as investigating complaints and incidents, and determining whether the supply of taxicabs is adequate.

Beyond trip information there is a good deal of information that can be required of taxicab companies. Los Angeles, West Hollywood, and Sacramento provide a detailed list of records which must be kept and that are subject to review by City officials. In addition to record keeping, jurisdictions can require that certain information be reported to the City, such as is the case with performance reporting described elsewhere in this section.

## **Accepting Credit Cards**

The requirement to accept credit cards can be considered a driver requirement rather than a company requirement, but jurisdictions may also require this of the companies, or that the companies facilitate the credit card transactions with the drivers. This is obviously a customer service issue. Credit card company charges are based on a percentage of the transaction, and companies often add to this fee when charging the credit cards back to drivers. This charge is frequently an area of contention by drivers. None of the peers have this requirement.

## **Fees to and Agreements with Drivers**

Regulation of fees charged to drivers is extremely rare as a minimum standard. San Francisco is one city that sets a maximum “gate fee” for drivers; a recent increase in the maximum allowed gate fee was a source of considerable controversy. In RFPs however, evaluation of company fees and charges to drivers is common, and in the case of the RFP peers, the underlying contract agreements and “social benefit programs” are also evaluated. Franchise agreements can then be used to ensure these arrangements are not modified without a justification process, or fee adjustments can be tied to meter rate increases as triggering events. Some companies have multi-tiered fee structures, for example charging one fee for drivers linked to the dispatch system and a lower fee for drivers who are not. To avoid having drivers dependent on street hails and walk ups, Santa Monica could limit such arrangements.

## **Enforcing Driver Service Standards**

Most jurisdictions have some level of driver service standards. Examples include professional conduct, assisting passengers, taking the direct route, offering receipts, etc. These standards can go into great detail. Some jurisdictions require that a “Customer Bill of Rights” be posted in each taxicab; the rights listed are mostly driver requirements. In addition to enforcing service standards, companies can also be required or encouraged to screen and train drivers as indicated in the next section.

Companies can be held accountable for tracking and enforcing driver violations of service standards just as enforcement officers do in the field. In Sacramento, for example, companies are liable for all violations by their drivers; the aim was to reduce the need for

City enforcement, and provide incentives for companies to effectively screen their drivers. Enforcement officers may be better equipped to handle certain types of infractions, but companies are better equipped to handle others. Companies can be required by ordinance to enforce or facilitate driver service standards. In RFPs companies can be asked to provide detailed service level plans to receive points and then can be held to those plans in the franchise ordinance. The section about enforcement addresses holding companies responsible for violations by their drivers.

## Driver Background and Qualifications Standards

Minimum standards for drivers are essential for purposes of public safety and also to promote service quality. Typical standards include:

- Background checks
- Training
- Testing
- Licensing / relicensing and maintaining service standards

We have not examined the issue of background checks in detail. However, some areas for improvements have been identified, including:

- Clearer standards for permit denial or revocation.
- Adding to the list of grounds for denial or revocation, including violations of taxi rules in other jurisdictions.
- Ensuring that the City is notified by the DMV about licensing actions and by the DOJ about arrests.

Strategies for training and testing used by other jurisdictions include:

1. Hands off
2. Regulations, but still rely on companies or associations to provide
3. Company proposes, such as in franchise or permit award via RFPs
4. Require approved training programs
5. Regulatory authority provides training
6. Regulatory authority outsources training

There are examples of each throughout the United States. Generally speaking, the more fragmented the taxicab industry, the more active a role that jurisdictions tend to take. However, even in some less fragmented markets the City provides or facilitates much of the training. Note that even where training is up to the companies, testing can be at the City level.

At a minimum the City can require the companies to provide training and testing with varying levels of detail. The simplest requirement is merely requiring that companies provide or require their drivers to attend training and testing “to proficiency” in common training areas as listed below. If the City uses an RFP, these standards can be added to point awards for training proposals. If the City wishes to provide a common training environment and consistent training, they may consider outsourcing as is the case in Charlotte, NC. There drivers or their companies pay a fee of \$100 per student for two days of for-hire operator training.

Common training elements include:

- English proficiency and money skills pre-testing
  - Pre-training requirement
  - Failures should be referred to English as a Second Language courses in the community
  - Money skills can be a self-practice handout for later retesting or a referral to community sources
- Vehicle for hire regulations
- Map reading and routing / navigational tools
- Knowing and appreciating the area
- Customer service skills
- Assisting customers with disabilities
- Safe and defensive driving including vehicle inspection
- Business management
- Driver security and crime / public safety
- Review, course evaluation and testing

Depending on how the above training and testing decisions are decided, the City can then elect to have portions of the testing performed at the City. This is common in many jurisdictions and especially with English proficiency, map reading and knowledge of the City. Many of these tests are self-designed in various jurisdictions, but English proficiency is likely better to be purchased in order to obtain standardization.

Passing all tests is a precursor to licensing. Additionally, companies should sponsor any application for a license or renewal so as to ensure the company has performed its functions in the process and on renewals has checked driver performance since the last licensing. Most jurisdictions therefore also require each driver to be registered to a specific company with their license. On renewals, cities should also check the driver’s record including local citations and of course re-run all background checks.

## Vehicle Emissions Requirements

### Background

On October 16, 2006, the Santa Monica Task Force on the Environment unanimously adopted the following motion:

*“The Santa Monica Task Force on the Environment recommends that the Santa Monica City Council direct staff to develop an ordinance which will set air quality performance standards for awarding taxi franchise agreements within the City of Santa Monica. The Santa Monica Task Force on the Environment recommends that the air quality performance standards require taxi franchises be awarded to taxi fleet operators which utilize only vehicles certified to SULEV emission standards. It is recommended that staff develop a scoring and award criteria that provides additional consideration and priority to taxi fleet operators that exceed the SULEV standard, that reduce petroleum usage, and/or can demonstrate reductions of greenhouse gas emissions to the maximum extent possible.”*

This section provides some analysis of the issues connected to this proposal and then presents options for implementation.

SULEV is one of six emissions ratings issued by the California Air Resources Board (ARB). All new vehicles sold in California must be certified under one of these rating, which indicate how much a new vehicle pollutes. The six ratings are:

- **ZEV:** Zero Emission Vehicles have zero tailpipe emissions and are 98% cleaner than the average new model year vehicle.
- **AT PZEV:** Advanced Technology PZEVs meet SULEV tailpipe emission standards, have a 15 year / 150,000 mile warranty, have zero evaporative emissions and include advanced technology components. For example, a plug-in hybrid or a compressed natural gas vehicle would qualify in this category.
- **PZEV:** Partial Zero Emission Vehicles meet SULEV tailpipe emission standards, have a 15 year / 150,000 mile warranty and have zero evaporative emissions.
- **SULEV:** Super Ultra Low Emission Vehicles are 90% cleaner than the average new model year vehicle.
- **ULEV:** Ultra Low Emission Vehicles are 50% cleaner than the average new model year vehicle.
- **LEV:** Low Emission Vehicles are the least stringent emission standard for all new cars sold in California in 2004 and beyond.

From these definitions, vehicles certified as SULEV, PZEV, AT-PZEV, and ZEV would all meet the Task Force recommendation. ZEV cars are presently limited to electric vehicles. The currently available models are small neighborhood type cars that may have some niche market as taxicabs although they are not suitable for general taxi service. The South Coast Air Quality Management District lists 58 2008-model vehicles certified as SULEV, PZEV, or AT-PZEV on its Clean Air Choices web site.<sup>2</sup> Some of the vehicles that may be appropriate for use as taxicabs are shown in Figure 3-2. Many of these vehicles also have very good fuel economy, and therefore a small carbon footprint. However, some of them have only slight better fuel economy than a typical Crown Victoria taxicab. (For comparison, the 2008 model Crown Victoria has an EPA estimated mileage of 15 mpg city and 23 mpg highway, with a carbon footprint of 10.2 tons/year of CO<sub>2</sub>.)

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<sup>2</sup> <http://www.aqmd.gov/CleanAirChoices/2008models.html>. Similar information is available at the California Air Resources Board consumer web site, [www.driveclean.ca.gov](http://www.driveclean.ca.gov).

**Figure 3-2 Super Ultra Low Emission Vehicles**

Make	Models	Miles per Gallon City/Hwy*	Carbon Footprint (CO <sub>2</sub> tons/yr)*
<b>AT-PZEV</b>			
Ford	Escape 2WD (hybrid)	34/30	5.7
Nissan	Altima (hybrid)	35/33	5.4
Toyota	Camry(hybrid)	33/34	5.4
	Prius (hybrid)	48/45	4.0
<b>PZEV</b>			
Buick	Lucerne	16/25	9.6
Chevrolet	Impala	18/29	8.3
Ford	Taurus	18/28	8.3
Nissan	Altima	23/31	7.1
Toyota	Camry	21/31	7.3
<b>SULEV</b>			
Lexus	RX 400h 2WD (hybrid)	27/24	7.3
Mitsubishi	Outlander 2WD/4WD	17/25	9.2
Subaru	Outback Wagon AWD	20/26	8.3
Toyota	Highlander 4WD (hybrid)	27/25	7.1

\*EPA Estimate based on 15,000 miles of driving.

Source: <http://www.aqmd.gov/CleanAirChoices/2008models.html>

It would not be necessary to buy a new vehicle to comply with a SULEV requirement. The SULEV certification has been in use since at least 2004. Through the smog check program, vehicles sold as SULEV must continue to meet the same standards.

The most common vehicle type used as a taxicab throughout the United States is the Ford Crown Victoria. Taxi drivers and managers describe these as very reliable vehicles that can be purchased used and kept in good running condition for many years. The police version of the Crown Victoria, called a Police Interceptor, is considered particularly reliable. The Crown Victoria is certified as ULEV. A number of taxi companies in the Los Angeles area are operating Ford Crown Victorias which have been converted to use CNG as a fuel. CNG Crown Victorias converted by BAF Technologies were certified as SULEV for some years but not others.

The size of the Crown Victoria is considered good for taxi use because of its passenger and luggage carrying capacity. In particular it meets the size requirements established by the City of Los Angeles Board of Taxicab Commissioners, which specify that sedans used as taxicabs must be classified as a large car (120 or more cubic feet of passenger and luggage volume) in the United States Department of Energy's Gas Mileage or Fuel Economy Guide.

Despite concerns about their suitability for taxi service, a number of the SULEV, PZEV, and AT-PZEV vehicles shown are being used as taxicabs in many cities. Ford Escapes, Toyota Camrys, and Toyota Highlanders are becoming increasingly popular, especially in cities that have implemented rules encouraging or requiring vehicles that get good fuel economy or reduce greenhouse gas emissions, including Boston, New York, and San Francisco. Some companies, including one in Santa Monica, are also operating Toyota Prius taxicabs despite their small size.

SULEV is an emission standard that applies to tailpipe emissions of “criteria pollutants” such as hydrocarbons and nitrous oxides. As such, it does not directly apply to carbon dioxide emissions, either from the tailpipe or “upstream” (in the case of biofuels), which are generally proportional to fuel economy. Most SULEV vehicles have low rates of CO<sub>2</sub> emissions. For example, the Toyota Camry 2008 hybrid has an EPA air pollution score of 9.5 out of 10 (9 or greater equates to SULEV), and a greenhouse gas score of 9 out of 10. The San Francisco Taxicab Commission has produced a Green Guide for taxicabs showing emissions, fuel economy, and price for 20 vehicles commonly used in taxicab fleets.<sup>3</sup>

A SULEV standard will reduce locally generated air pollution. Whether it helps address global climate change depends on whether companies respond by choosing the most fuel-efficient vehicles in order to offset higher purchase costs. Alternatives that would directly address climate change issues would include a fuel economy standard or CO<sub>2</sub> tailpipe emission standard. New York City, for example, has a 25 mpg gallon standard for vehicles entering the taxi fleet from October 2008, rising to 30 mpg after October 2009. San Francisco is currently developing detailed requirements to comply with legislation mandating that the San Francisco taxi industry reduce its total greenhouse gas emissions by 50% from current levels and 20% from 1990 levels by 2011.

## SULEV Issues

In implementing a SULEV requirement, the following issues need to be considered.

**Capital Cost.** The purchase cost of a SULEV vehicle will be substantially higher than the typical used Crown Victoria currently in widespread use as a taxicab. This will be true even allowing for the possibility of purchasing used SULEV vehicles. For example, according to Kelley Blue Book ([www.kbb.com](http://www.kbb.com)) a 2004 Crown Victoria with 100,000 miles in good condition costs about \$5,740. By comparison, a Toyota Camry sedan of the same age, mileage and condition costs about \$9,280. Purchasing a hybrid vehicle, in order to make up for initial cost through fuel savings, would require paying more. For example, a 2004 Toyota Prius with 100,000 miles in good condition costs about \$11,660. The Ford Escape hybrid was introduced in 2001, but does not appear on the list of California SULEV vehicles until 2005. A 2005 Ford Escape hybrid with 100,000 miles in good condition costs about \$11,790.

Higher purchase cost raises the barrier to entering the taxi market and would probably result in companies charging higher lease rates. For example, the City of San Francisco, which regulates taxi lease rates (also known as gate fees), has increased the daily maximum daily gate fee in order to finance purchase of CNG and hybrid taxis that would be needed to meet a requirement to reduce greenhouse gas emissions from the city’s taxi fleet. However, drivers who have CNG or hybrid taxis achieve savings in fuel costs that are estimated to more than outweigh the increased gate fee.

**Maintenance Cost.** SULEV vehicles are likely to have higher maintenance costs than current typical taxicabs. For drivers that do not own their cabs, this may also result in added lease rates. Equally important is the added risk; most SULEV vehicles have not been proven to withstand high intensity use as a taxicab, and so maintenance costs and long-term reliability are uncertain.

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<sup>3</sup> [http://www.sfgov.org/site/taxicommission\\_page.asp?id=78181](http://www.sfgov.org/site/taxicommission_page.asp?id=78181).

**Fuel Savings.** Higher capital and maintenance costs would be offset by fuel economy savings for some but not all SULEV vehicles. Figure 3-3 shows the difference in operating cost per day between two hypothetical vehicles: 1) a Crown Victoria with a purchase cost of \$6,500 that gets 13 miles per gallon; and 2) a SULEV vehicle with a purchase cost of \$25,000 that gets 29 miles per gallon. These mileages are somewhat less than the EPA ratings and are intended to represent likely real-world conditions. The operating costs include depreciation of the purchase cost for each vehicle. For the sake of analysis, it has been assumed that the new SULEV and the used Crown Victoria would both have a remaining useful life of 200,000 miles. In the figure, a positive cost difference means that the SULEV is less expensive, and a negative cost difference means that the Crown Victoria is less expensive. As shown in the figure, despite assumptions which are optimistic toward the Crown Victoria, the SULEV is less expensive under most likely scenarios regarding the cost of gasoline and the number of miles per day that the cab would be driven.

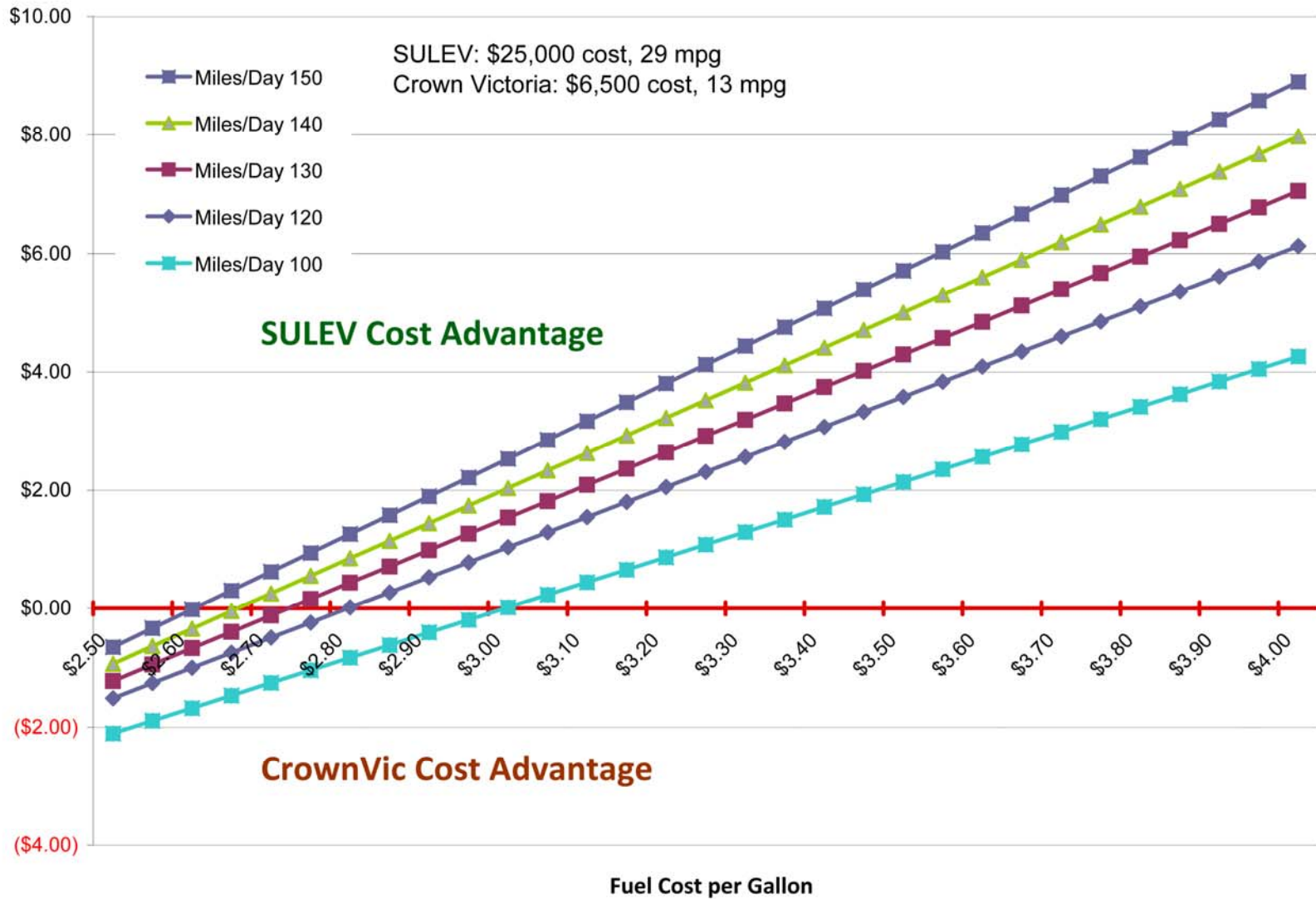
Another way to consider the tradeoff between higher purchase cost and better fuel economy is illustrated in Figure 3-4. Each line shows how much more a taxi driver could pay for a SULEV and still break even (based on total daily operating cost including depreciated purchase cost and fuel cost), using various assumptions about the cost of the fuel and the fuel economy advantage of the SULEV vehicle. For example, if a SULEV vehicle has 10 miles per gallon better fuel economy than a Crown Victoria, and gasoline costs \$3.50 per gallon, then paying up to \$15,000 more for the SULEV would still result in a savings in total daily operating cost. For each miles-per-gallon line, if the added cost for a SULEV is above the line, then total daily operating cost is higher for the SULEV than for the Crown Victoria; if the added cost for a SULEV is below the line, then total daily operating cost is lower for the SULEV than for the Crown Victoria.

**Compatibility with Rules in Other Cities.** Most SULEV vehicles are not legal for operation as taxicabs in Los Angeles under current regulations which specify a minimum size for sedans. More detailed investigation would be needed to determine whether some of them may qualify. As a result, companies that operate in Los Angeles might have to establish separate fleets that operate only in Santa Monica. Some companies might decide not to operate in Santa Monica at all. Others might reduce the number of taxi permits they request, since their current permits are used only part-time in Santa Monica and the ones assigned to SULEV vehicles might have to be used full-time in Santa Monica. The Los Angeles companies currently charge the same fares in Santa Monica that they do in Los Angeles, considerable lower than the fares charged by Santa Monica-only companies. If a fleet is operated only in Santa Monica, the companies could decide to raise rates. It is also possible that Los Angeles may change its rules to accommodate low-emissions or fuel-efficient vehicles.

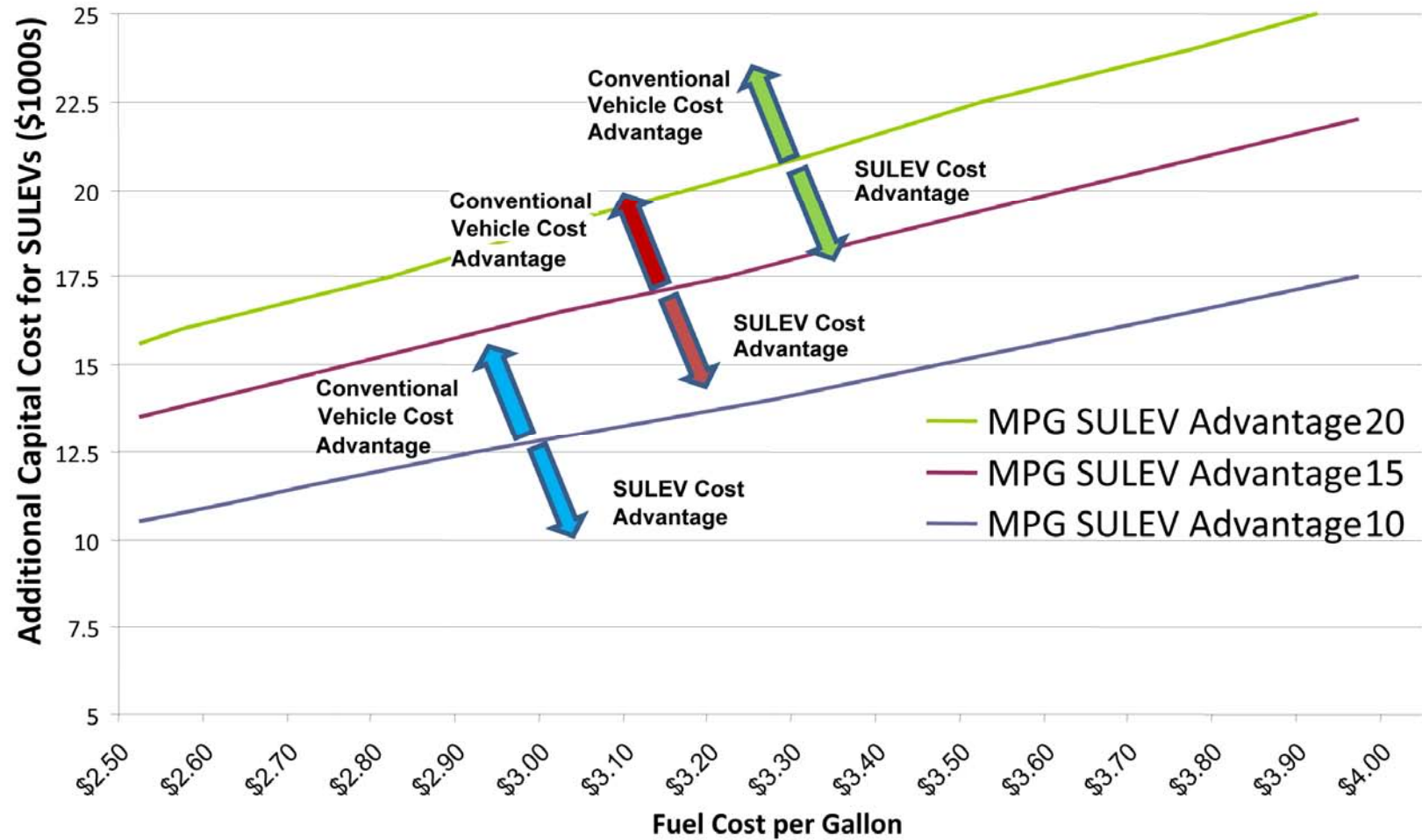
**Wheelchair Accessibility.** Wheelchair accessible taxicabs are typically converted minivans, none of which is certified as SULEV. It is possible that one of the available SULEV vehicles could be converted to a wheelchair accessible configuration, but this would need to be determined.

**Prior Investment.** Some companies have already made investments in alternative fuel vehicles. We have not investigated the environmental characteristics of these vehicles, but the City may wish to allow an accommodation for these vehicles to recognize the effort that these companies have made.

**Figure 3-3 SULEV vs. Crown Victoria: Difference in Total Cost/Day**



**Figure 3-4 Breakeven Capital Cost Depending on Fuel Cost and SULEV Fuel Economy Advantage (150 Taxi Miles Per day)**



## Options for SULEV Implementation

The City may wish to phase in the SULEV requirement over several years as in other cities that have set strict environmental requirements. The City of New York is allowing until 2012 to have a fleet consisting entirely of fuel efficient vehicles.<sup>4</sup> San Francisco has set a target of 2011 to reduce total Greenhouse Gas (GHG) emissions of the taxi fleet by 50% from current levels and 20% from 1990 levels.<sup>5</sup>

A SULEV requirement allows more flexibility than a fuel economy or greenhouse gas requirement. However, none of the vehicles now commonly used as taxis are SULEV certified. Much of current fleet in Santa Monica is probably old and should be replaced. Ignoring the economic impact for the moment, the shortest feasible timeframe for replacing the entire current fleet with SULEV vehicles would be six months to a year after awarding new company permits or franchises. This would allow time for selling the existing fleet, arranging financing, getting delivery or locating suitable used vehicles, and having vehicles inspected by the City or a designated inspection station.

Added to other requirements under discussion, requiring total fleet replacement in a year or less would run the risk of significant disruption of the taxi business, including elimination of all but the best financed companies and rate increases which would be justified by the need to pay for the new vehicles despite fuel savings.

A less risky alternative would be to phase in a SULEV requirement over at least three years. If the City elects to require that all drivers be affiliated with a company or association of some minimum size, each company or association could be required to have a fleet with at least one-third SULEVs after one year, two-thirds SULEVs after two years, and entirely SULEVs after three years. If the City uses an RFP process, companies that commit to a faster phase-in could be awarded higher points in the scoring process.

If the City wishes to have some accessible vehicles in the taxi fleet, then it will be necessary to allow an exemption from the SULEV requirement for these vehicles. This is the approach that New York City has taken.<sup>6</sup> This exemption could be phased out if suitable wheelchair accessible SULEV vehicles become available in the future.

The Task Force resolution included a recommendation for scoring and award criteria that provide additional consideration and priority to taxi fleet operators that: 1) exceed the SULEV standard, 2) reduce petroleum usage, and/or 3) can demonstrate reductions of greenhouse gas emissions to the maximum extent possible. The hybrid vehicles included in Figure 3-2, shown earlier, would be examples of vehicles that do all three of these things. Some CNG vehicles may also fit these criteria. If the City elects to use an RFP process, then commitments to using hybrid vehicles (or other technology that meets these criteria) could be used to award added evaluation points, potentially leading to access to more permits, priority in choosing a color scheme, or exclusive access to taxi zones or the Santa Monica Pier.

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<sup>4</sup> Press Release 156-07, May 22, 2007, "Mayor Bloomberg Announces Taxi Fleet To Be Fully Hybrid By 2012," at [www.nyc.gov](http://www.nyc.gov).

<sup>5</sup> Press Release, March 8, 2008, "Mayor Newsom Signs Alternative-Fuel Taxi Legislation," at [http://www.sfgov.org/site/mayor\\_index.asp?id=76640](http://www.sfgov.org/site/mayor_index.asp?id=76640).

<sup>6</sup> Taxicab and Limousine Commission Rules and Local Laws, Chapter 3, Taxicab Specification, at <http://www.nyc.gov/html/tlc/html/rules/rules.shtml>.

## Vehicle Standards and Inspection

Options for improving the taxi fleet, including adherence to appearance, safety, and emissions standards could include:

- Continue the current practice of minimal inspection by the Police Department and the outside mechanic requirement, plus relying on companies to ensure compliance by the their fleets, subject to penalties assessed against the companies for non-compliance.
- More detail inspections conducted by a City department, for example mechanics who maintain the City's fleets or Big Blue Bus.
- Designating a single third-party inspection station.

Regardless of which approach is chosen, the specific standards for vehicles need to be improved. The current requirement of safety certification from a state certified mechanic lacks specific provisions and does not address appearance issues. An example of an expanded set of vehicle standards is the list used by Sacramento, which is based on criteria developed by San Diego. The following conditions are deemed substandard:

1. Peeling, defaced, or improperly repaired exterior decals, lettering, or numbering;
2. Any door, window, hood, or trunk that fails to open or close securely;
3. Exterior paint or color plan that is different from that approved by the City or that is not maintained in the condition originally approved;
4. Dirt, broken fixtures, or other conditions in the passenger compartment that could soil or tear a patron's clothes;
5. Rust or dents in the vehicle's exterior that are more than trivial, as defined in No. 6;
6. Any missing components of the vehicle, including but not limited to chrome and rubber strips, or other components that might snag, tear, or injure a driver, pedestrian, or passenger. Any such damage will be considered to be more than trivial when single or multiple areas of damage affect an aggregate area of at least three linear feet of the cab exterior. The measurement of each damaged area will be taken between the two most widely spread points of the affected surface;
7. Dirty luggage compartments or luggage compartments that are maintained in condition that would soil or damage baggage;
8. Driver or passenger compartments that have litter or trash;
9. Torn or improperly repaired upholstery, headliners or floor covering;
10. Lift functions of accessible taxicabs that are not operating, or not operating properly.

The inspection would also need to ensure that vehicles comply with any emissions requirements that are adopted. Assuming the SULEV standard is used, anyone can verify that a vehicle was certified as SULEV by checking the emissions sticker, usually mounted on the underside of the hood. Anyone can obtain the results of a vehicle's most recent smog check using the web site of

the Bureau of Automotive Repair. However, it would be desirable for a state licensed smog check station to verify that the vehicle actually meets the SULEV standard.

## Fare Regulations

### Meter Rates

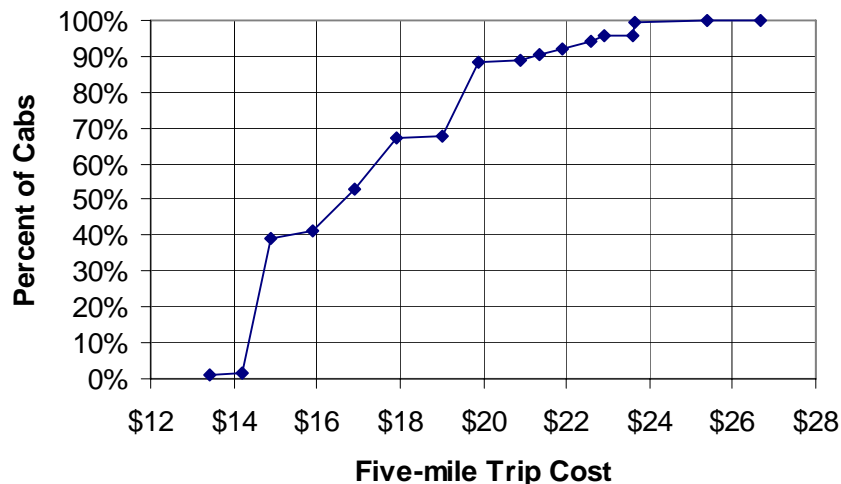
Most U.S. markets either establish a meter rate for all companies, or if not they establish a maximum meter rate that all companies can charge. For those with maximum rates, an additional option is to require companies to use the same meter increments, so that customers can easily compare prices. In Santa Monica, there is great variety of rates, but as discussed earlier, two fare structures are most common:

- The companies that also operate in Los Angeles charge \$2.65 for the first 1/7<sup>th</sup> mile and \$.35 for each additional 1/7<sup>th</sup> mile (\$2.45 per mile). A five-mile trip would cost \$14.90. The flat rate to LAX is \$30.
- Among the companies licensed in Santa Monica only, the most common rate, charged by 17 companies operating 86 cabs, is \$1.90 for the first 1/18<sup>th</sup> mile and \$.20 for each additional 1/18<sup>th</sup> mile (\$3.60 per mile). A five-mile trip would cost \$19.90. The flat rate to LAX is \$45.

A taxicab that also operates in Los Angeles may be unable to charge more than the fare set by LADOT. However, the companies that operate only in Santa Monica provided a variety of reasons, discussed earlier, to justify higher fares in Santa Monica. For this reason, setting a single fare in Santa Monica may be unwise. If the City wishes instead to set a maximum fare, then one corresponding to \$19.90 for a five-mile trip would include the fares charge by 88% of all permitted taxis in the city, as shown in Figure 3-5. A rate corresponding to \$17.90 for a five-mile trip would include two-thirds of the cabs currently permitted in Santa Monica, including those operated by most of the larger companies.

The City could also require all companies to use the same increment. For example, to accommodate taxicabs that operate in Los Angeles, all companies could be required to charge using the same increment specified by LADOT, currently 1/7<sup>th</sup> mile.

**Figure 3-5 Percent of Permitted Taxis within Specified Fare Limits**



## Flat Rates

Flat rates for trips to common destinations such as airports protect tourists and other infrequent taxi users from overcharging. As with meter rates, Santa Monica requires registration and posting but does not regulate flat rates. Most companies in Santa Monica charge a flat rate to LAX that corresponds to the meter rate for approximately 11 miles. Depending on the area of the city where the trip begins, this is clearly not in customers' interest. Two options for the City to consider would be:

- Require two flat rates, one for the area north of the Santa Monica Freeway and one for the area south of the Santa Monica Freeway.
- Make the flat rate an option for the customer. Drivers would be required to offer the flat rate, but passengers would have the option of choosing to pay by the meter instead. This option would be attractive to residents and frequent users, but might be confusing for tourists who would have difficulty determining how to choose.

## Discounts

Some companies in Santa Monica offer discounts. These may be formal and advertised, for example using coupons, based on contracts with volume users, or informal. Santa Monica currently has no rules about discounts. Some jurisdictions, including Los Angeles, prohibit them. Some Santa Monica companies consider discounts an important part of their marketing program, and a form of special service for residents of Santa Monica.

## Measures to Prevent Overcharging

Setting a maximum fare, requiring a common mileage increment, and requiring flat fares should all help avoid instances of overcharging. Regulations requiring drivers to take the most direct route serve the same purpose but may be flouted by drivers willing to take advantage of customers unfamiliar with the service area.

An additional option for discouraging overcharging also has other positive impacts on customer service. Regulations can require printing meters, as is the case in Los Angeles. These meters of course verify the amount on the meter in writing but they do much more.

- If there is more than one meter rate on the meter, the receipt indicates which rate was activated and charged for the trip.
- The receipt indicates if there were any "extra" charges on the trip and itemizes the amount. (These charges are often programmed into meters for surcharges such as legitimate airport fees, per-passenger fees, etc.)
- The receipt indicates the date and time, the cab company, and the cab number, greatly improving information available to the customer or authorities for complaint investigation.

## Insurance

Santa Monica is considering the possibility of increasing liability insurance limits from its current levels to a level such as \$1,000,000 combined single limits (CSL). Although the peer cities do not have limits this high, other areas in California do, including Orange County, and companies are able to obtain these limits. We have verified that such coverage is available for taxicabs in Santa Monica. The cost per vehicle would increase by about one-third if the limits were

increased from their present limits to \$1,000,000 CSL. A higher liability insurance limit would protect passengers, other drivers, and pedestrians who might be involved in an accident. The higher limit is not at all unreasonable considering the likely claims that could result from a multi-injury accident.

Recent media coverage has raised the issue of uninsured motorist coverage. This is not typically required, but is relatively inexpensive and would add consumer protection, for example in an accident that is not the fault of the taxi driver and where the other driver is uninsured or leaves the scene of the accident.

## Service to Hotels

During the various input sessions from companies and drivers there were vocal complaints about exclusive hotel taxi arrangements and/or fees required by hotel doormen in order to load fares.

Hotel exclusives are allowed by some jurisdictions and prohibited in others. In these arrangements, hotels are typically paid a fee by the taxicab company. They are more common at upscale hotels where there tend to be more frequent and longer trips and tips which help absorb the fee. With unregulated meter rates, there is the potential for taxi trips to absorb much higher fees. These fees however typically result in higher company fees charged to the driver and may result in higher fares for customers. If such fees are made illegal, the companies can be prohibited from paying them and hotels can be prohibited from receiving them. Exclusive arrangements can also be prohibited by prohibiting exclusive cabstands even if on private property. (Los Angeles defines a cab stand as “an area on private property (such as hotels, LAX, Union Station, etc.) designated by the owner for parking taxicabs while waiting for passengers.”)

Another cost to drivers at hotels are fees charged or expected by hotels or by bellmen to lead the driver. If these are official hotel fees, then these might only be charged by hotels with exclusives that load a non-exclusive cab. So the theory is that the cab should pay what the companies would normally be paying. However, there may also be unofficial fees or “tips” for favorable treatment from bellmen. This practice can likely be made illegal also, but enforcement may be difficult.

## Enforcement and Administration

Many of the changes under discussion would affect the level of effort required to administer and enforce taxicab regulations in Santa Monica.

## Staffing Levels

Currently the City has a taxi detail consisting of one motorcycle patrol officer. His taxi-related responsibilities include inspecting vehicles once per year, reviewing driver and vehicle owner background checks, approving or denying permit applications, and conducting spot checks in the field, for example with respect to use of taxi zones, posting of required signs, and operation by unpermitted drivers. He works four days a week, one in the office on taxi matters and three on street patrol, not limited to taxicab issues. Other patrol officers have been trained on taxi issues and also help with enforcement.

The Revenue Department has principal responsibility of administering the taxi and driver permitting system. Three Revenue Operations Assistants spend a portion of their time on taxi business, supervised by the Revenue Operations Supervisor. The last fee study showed that Revenue Department staff spend about four hours per driver per year on licensing and permitting activities, or approximately one full-time equivalent person per year. The level of effort was reduced as a result of changes made in 2004 so that all permits expire on September 30<sup>th</sup> of each year, and companies are required to coordinate permit applications for all vehicles and drivers affiliated with each company. This effort is concentrated in the fall when the permits need to be renewed.

Other staff who spend a small portion of their time on taxi issues include the Risk Manager, who reviews insurance binders and policies, and two staff people in the Consumer Affairs division of the City Attorney's office. They investigate complaints that come into the City's complaint hotline and conduct appeals hearings for drivers who appeal a permit denial.

## **Penalties**

The City's taxicab ordinance specifies that violations "may be an infraction, punishable by a fine up to \$250, or a misdemeanor, punishable by a fine up to \$1,000 per violation and/or up to six months in jail." The traffic citation data listed earlier shows that the only common citation against taxicabs is for improper use of taxi stands and parking spaces. Other cited violations are related to the signs that must be posted in each taxicab (22 citations in three years), driver permits (16 citations), and business licenses (7 citations).

Other jurisdictions have penalty schedules that distinguish among violations based on severity, including many violations that have been the source of complaints in Santa Monica but apparently have never resulted in any sanction. Examples include overcharging, non-working equipment in vehicles, and refusing service. A key component of regulations in the peers is that taxi companies are held responsible for violations by their drivers.

Sacramento's ordinance specifies that, "the permitted taxicab fleet association shall be liable for all penalties incurred by affiliated drivers." West Hollywood assigns points to franchise holders for violations by their drivers, with monetary penalties based on the points. Regulations in Los Angeles have similar provisions. Other jurisdictions also allow for suspensions of various periods, providing a more flexible tool than outright permit revocation.

## **Stakeholder and Peer Perspectives**

Comments from a number of stakeholders suggested that additional enforcement might be needed regarding taxi operation in the downtown area, including illegal parking, taking up parking spaces while waiting for business, and speeding in alleyways. In the driver workshop, several participants also suggested that additional enforcement was needed so that drivers who flout taxi regulations and traffic laws do not unfairly affect the business of more law-abiding drivers. Some level of added enforcement may be needed, but the focus of this analysis is on changes to the structure of the taxi industry and regulations that will simplify enforcement and promote more self enforcement by taxi companies. Drivers and managers also complained that the permitting process is too time consuming. City staff suggested that combining all taxi functions within the Police Department would be more efficient for the City and for applicants.

Los Angeles is the only peer city that has staff specifically dedicated to enforcement of taxi regulations. The other cities rely on code enforcement staff and police officers who mix taxi enforcement with other duties.

## Impact of Proposed Changes

Most of the changes under consideration would reduce the level of effort needed to administer and enforce taxicab regulations. Figure 3-6 provides a summary of the principal changes and their impact on level of effort.

If the City issues franchises or permits to companies, then these companies would have an incentive to promote compliance by their drivers. This would be especially true if the City has the option of suspending a company’s franchise for some period of time in the event of a poor compliance record. The possibility of a company permit not being renewed or losing points in a future RFP would also create an incentive for a company to monitor its own drivers and weed out problem drivers.

If there were fewer companies it would be easier for City staff to develop a relationship with each company. Requirements for a staffed place of business and designating a responsible individual would be similarly helpful.

One proposal that could create some additional effort for the City would be some form of driver testing. The City would need to develop a test that was perceived as fair, non-discriminatory, and relevant and administer it or make arrangements for a third party to develop and administer such a test. An extensive training program, at least in the short run, is most likely something that the City would require companies to conduct, with approval of content by the City. However, it would be feasible for City staff to conduct presentations or workshops for drivers to focus on issues of concern for the City, such as the reasons and importance of certain rules, passengers’ rights, dealing with complaints, and disability rights. Additional information about possible driver training programs is provided in the section on driver standards.

**Figure 3-6 Impact of Proposed Changes on Enforcement and Staffing**

Proposed Change	Impact on City Level of Effort
Issue permits (or franchises) to companies.	Should result in more self-enforcement by companies, including enforcing compliance by drivers.
Background checks for company owners and management	Minor effort for additional checks.
Require a minimum size for taxi companies.	Should simplify permit processing by reducing the number of separate application packets.
Changes to authorized company fleet sizes	If fleet sizes (i.e. taxi permits) are regulated, any process for adjusting authorized fleet sizes will take time.
Distinctive color schemes and numbering system.	Creates additional rules that need monitoring, but should simplify enforcement overall by aiding in identification of cabs and complaint investigation.
Required centralized dispatch system	Minor effort to determine compliance
Required record keeping	Minor effort to determine compliance. May aid some investigations.
Increased insurance limits	No impact
Staffed place of business	Should ease enforcement.

Proposed Change	Impact on City Level of Effort
Enhanced vehicle inspection	No impact as long as inspection is done by a station designated by the City at the cab owner's expense.
Driver training or testing	Depends on the assignment of responsibility between companies and the City.
SULEV vehicles	No impact, assuming compliance is determined by a designated inspection station.
Senior and disabled discounts	Some effort to investigate complaints of non-compliance.

## Senior and Disabled Discounts

Two types of discounts have been discussed:

1. A City subsidy for seniors and people with disabilities to use taxicabs, provided through scrip, coupons, or similar mechanisms.
2. Discounts provided by taxicab companies.

## City Administered Taxi Subsidy

Among the peers, Los Angeles, Beverly Hills, and West Hollywood have City-administered taxi subsidy programs. Many other cities in Los Angeles County have similar programs, typically funded through the Proposition A Local Return program. The City has received numerous requests to establish a similar program in Santa Monica. Staff have investigated the issue and determined that such a program would be less effective than the City's current Dial-a-Ride program. These programs typically provide a very limited number or value of trips per month for each participant. For example, in Beverly Hills residents age 65 or older and disabled residents with certain medical conditions may purchase one taxi coupon book each month worth \$24.00 for \$6.00. A maximum of \$12.00 worth of coupons may be used per taxi ride. These limits mean that participants can obtain two or three trips per month, at a cost to the user of around \$2 to \$3 per trip. The City pays the taxi company \$.90 for each \$1.00 worth of coupons redeemed.

It is beyond the scope of this study to determine whether a program of this type would be a worthwhile use of available City funds. From the perspective of taxi regulation, the only concern is that such a program, if one were created in the future, would require participation by taxi companies. In some cities this participation is voluntary, and riders are instructed to call only one of the participating companies. In others cities, participation is mandatory. For example, the Beverly Hills City Code (7-4-215) requires that, "Each taxicab operating within the city shall be subject to and comply with all provisions of the city's taxi coupon program as adopted by the council, and shall accept taxi coupons as provided therein."

## Taxi Company Discounts

Some cities require or encourage taxi companies to offer discounts to older people or people with disabilities. In both West Hollywood and Beverly Hills there is a discount of 10% that applies only to trips paid for with City-issued coupons. West Hollywood also requires that taxi companies provide free medical transportation for trips within a 10-mile radius of West Hollywood City Hall for West Hollywood residents with AIDS. Los Angeles leaves it up to each taxi company to offer discounts if it chooses. A commitment to offer discounts may be part of an RFP evaluation process. Some Santa Monica companies already offer discounts.

## Chapter 4. Economic Analysis

The potential economic impacts of regulatory changes to the Santa Monica taxicab market are a function of several factors. In order to assess these potential impacts, it is first necessary to understand the current economic realities of the Santa Monica market, as this is the baseline from which all changes will flow. Unfortunately, it is very difficult to provide any precise description of these economic realities, owing to the paucity of data on industry costs and revenues.

There are several reasons for the data difficulties in determining the industry's financial status. First, Santa Monica taxi companies that operate taxi fleets (e.g., Taxi Taxi, Euro Taxi) are not immediately able to provide meaningful data on the number of passenger trips or passenger revenue generated since this is information that only drivers have available—inasmuch as lease drivers, rather than company owners, collect and keep all fare revenues—nor do they have complete operating cost information since the drivers are responsible for gasoline costs. Second, owner-operators working in the Santa Monica taxi market are highly diverse and it has not been possible to survey enough of these individuals to obtain reliable data on costs and revenues. In any case, such operators represent a minority of taxis operating in the city in any case. Third, the non-local fleet operators (e.g., LA Yellow Cab, Bell Cab) that serve Santa Monica appear to do so with vehicles that spend the majority of their time in other jurisdictions, so it is not possible to easily estimate the revenues and costs for the Santa Monica portion of their Santa Monica-permitted vehicles.

Given this situation, it has been necessary to supplement the empirical data that is available with information derived from several estimation techniques to generate estimates of taxi industry costs and revenues for Santa Monica. Figure 4-1 shows one plausible estimate of the current economic situation of the Santa Monica taxi industry. It bears emphasizing that other plausible estimates are possible using different assumptions for the income requirements of drivers and the portion of permitted vehicles that are actually engaged in delivering service on an average daily basis. The taxi supply and demand estimates shown in this table assume that 90% of the permitted vehicles are operated on an average daily basis in each operator category—(1) local Santa Monica fleet operators (defined as companies that operate 10 or more taxis); (2) independent owner-operators (companies or individuals with 10 or fewer taxi permits); (3) non-local fleet operators (e.g., LA Yellow Cab). This reflects both the fact that most drivers work only 6 days per week and that taxi fleet operators are rarely able to attract as many lease drivers each day as the number of taxi vehicles that are in their fleet.

**Figure 4-1 Estimated Taxi Industry Revenues and Costs – Current Situation**

	Local Fleet Companies	Independents	Non-Local Operators
Taxis in service average day	117	115	140
Trips per taxi per shift	9.5	4.5	2
Average shifts/taxi/day	1.1	1	1.1
Trips per day	1223	518	308
Average fare/mile	\$ 3.20	\$ 3.60	\$ 2.45
Average flag drop/trip	\$ 1.90	\$ 1.90	\$ 2.65
Average flat fare/trip	\$ 35.00	\$ 40.00	\$ 30.00
Average trip length—SM	3.00	3.00	3.00
Average trip length--external	6.00	6.00	6.00
Average meter fare/trip--SM	\$ 11.50	\$ 12.70	\$ 10.00
Meter fare trips—SM	60%	25%	25%
Meter fare trips-external	20%	50%	50%
Flat rate trips	20%	25%	25%
Average revenue/trip	\$ 18.12	\$ 24.93	\$ 18.68
Revenue miles/day	49.4	29.2	Unknown
Revenue mile percentage	40%	33%	NA
Total miles/day	123.5	88.6	Unknown
Annual revenue/taxi	\$ 64,002	\$ 37,911	Unknown
Lease cost/day (or equivalent)	\$ 85.00	\$ 25.00	NA
Fuel cost/day	\$ 31.83	\$ 22.84	NA
Driver net fare income/day	\$ 44.80	\$ 57.37	NA
Driver net total income/day	\$ 79.22	\$ 79.90	NA
	includes tips @20% of fare		

The estimate of taxi demand equates to approximately 2,050 taxi trips per day in Santa Monica, or approximately 2.4 taxi trips per 100 residents. This is a high ratio of trips to residents for a city with the characteristics of Santa Monica. To estimate driver income, assuming this high level of estimated demand, estimates were made, as shown in the table, for taxi fare levels and portions of different types of taxi trips:

1. Taximeter-based intra-Santa Monica trips (average of approximately 3 miles in length);
2. Taximeter-based local area trips that extend outside of the Santa Monica city limits (average of 6 miles in length);
3. Airport trips (flat rate) to LAX.

The result of the calculation is that, even assuming high per capita demand levels, the average taxi driver would net only about \$80 per day. This equates to about \$24,000 per year for a driver working 6 days per week on average. While this is a relatively low value, it is plausible in light of other recent studies that estimated the income of taxi drivers in Los Angeles.

Using these baseline estimates of taxi supply, demand, costs, and revenues, it is possible to develop estimates of the financial situation of the taxi industry under a new regulatory regime. It is important to emphasize that these “New System” estimates assume that the level of demand for taxi service remains essentially the same as for the current market situation (estimated to be 2,050 taxi trips per day). This is a reasonable assumption since, 1) the market is probably fully served currently given the large number of taxis in Santa Monica, and 2) there are likely to be no more than modest changes in taxi rates that would depress demand and perhaps even a small reduction. The New System scenario also makes the following assumptions.

- A regulatory system is instituted by the City of Santa Monica that limits—directly or indirectly—the number of taxis serving the Santa Monica taxi market.
- Sufficient excess capacity is removed from the taxi market to produce a 10% or more increase in daily taxi productivity. (Inasmuch as there is at least this much excess capacity in the market currently, and probably much more, removing this capacity will not reduce overall level of service to consumers of taxi service, hence will not impact taxi demand.)
- Taxi vehicles must meet SULEV requirements (over some period of time).
- The increased capital cost of SULEV vehicles, compared to vehicles now typically used for taxis, will be reflected in higher taxi lease rates, whereas the reduced fuel costs for SULEV vehicles, resulting from improved fuel economy, will act to reduce the average fuel cost per taxi per day.
- SULEV taxi vehicles are assumed to cost an average of \$21,000 more than conventional taxi vehicles and to achieve an average of 29 MPG fuel economy compared to a fuel economy of 13 MPG for conventional taxi vehicles.
- Taxi operator insurance requirements are increased and the cost increases associated with higher insurance standards will be reflected in differences in operating cost compared to the current situation. (The cost increase will be on the order of \$1,200 - \$1,500 per taxi vehicle per year.)
- City of Santa Monica regulatory fees may also be modestly increased to reflect both cost-based fee adjustments and the shift to a franchise form of taxi permits.
- Increased earnings by drivers are not recaptured by taxicab companies in the form of higher lease rates. Depending on the supply of drivers wishing to enter the industry and the level of competition between companies for drivers, it is possible that some or all of these increased earnings could flow to the companies.

Figure 4-2 shows the result of this “New System” financial assessment, assuming that all taxis operate exclusively in Santa Monica.

**Figure 4-2 Estimated Taxi Industry Revenues and Costs—  
New System**

	Local	Non-Local
Taxis in service average day	145	45
Trips per taxi per shift	10	10
Average shifts/taxi/day	1.1	1
Trips per day	1595	450
Average fare/mile	\$ 3.00	\$ 3.00
Average flag drop/trip	\$ 2.00	\$ 2.00
Average flat fare/trip	\$ 32.50	\$ 32.50
Average trip length--SM	3.00	3.00
Average trip length—external	6.00	6.00
Average meter fare/trip—SM	\$ 11.00	\$ 11.00
Meter fare trips—SM	48.0%	38.0%
Meter fare trips-external	30.0%	40.0%
Flat rate trips	22.0%	22.0%
Average revenue/trip	\$ 18.43	\$ 19.08
Revenue miles/day	56.6	59.6
Revenue mile percentage	45%	41%
Total miles/day	125.8	145.4
Annual revenue/taxi	\$ 71,158	\$ 67,848
Lease cost/day	\$ 107.60	\$ 117.60
Fuel cost/day	\$ 14.53	\$ 16.79
Driver net fare income/day	\$ 57.57	\$ 54.08
Driver net total income/day	\$ 94.43	\$ 92.74
	includes tips @20% of fare	

The three most significant changes compared to the current situation are:

1. The number of taxi vehicles serving the market is reduced by nearly 50%, from 412 taxis today to approximately 210 taxis in the New System scenario (the 190 taxis operating on the average day represent 90% of all taxis that would be permitted to operate in Santa Monica in this scenario).
2. Taxi vehicle productivity increases.
3. Driver net daily income increases to approximately \$93 to \$94 per day from \$80 per day, a more than 15% increase in driver compensation.

If “non-local” cabs remain joint-permitted in other cities, and spend only one-third of their time in Santa Monica, then the 45 local-taxis in service per day shown in the table would be equivalent to 135 joint-permitted taxis per day, or about 150 total joint-permitted taxis. This would bring to total fleet to about 310 total taxis.

Two important points can be made about this New System scenario. First, the taxi vehicle productivity of 10 trips per shift per day that is associated with approximately 210 vehicles serving the Santa Monica market at the estimated demand level of 2,050 total taxi trips per day is well below the likely feasible level of 13 to 15 trips per shift per day (based upon experience elsewhere). Thus even eliminating about 200 taxi vehicles in Santa Monica (or eliminating 100 vehicles assuming continuing service by joint-permitted vehicles) probably leaves excess capacity in the local taxi market; the market will not be under-served.

Second, even with the increase in driver net daily compensation, a driver working 10 hours per day, 6 days per week would still net an average of only \$9.00 to \$9.50 per hour in this New System scenario. Thus while taxi drivers would be significantly better off financially in the New System scenario—at least those drivers still serving the market—their compensation would remain low relative to the number of hours devoted to serving the market each day.

Because this analysis is based on numerous assumptions, *its results should be considered very uncertain*. In particular the analysis assumes a high level of per capita demand for taxi service to be consistent with even a minimal level of driver income earned in Santa Monica, and assumes that all permitted cabs are actually working in Santa Monica. If a substantial number of permitted cabs are not working at all, or are mainly working outside of Santa Monica, then the number of cabs in the New System scenario would need to be adjusted downward to remain plausible.



## Chapter 5. Recommendations

The City desires a revised process that:

- Reduces the negative effects of taxi oversupply, including congestion, parking problems, and overcharging;
- Promotes quality service and safety for residents, tourists, and business travelers;
- Provides reasonable rates and fares;
- Achieves environmental goals;
- Makes it possible for taxi drivers to earn a living wage;
- Allows for participation by local businesses in taxi operations; and
- Increases accountability and reduces the administrative burdens of the present system.

Based on the analysis presented in this report, we have developed the outlines of a new process that promotes these objectives.

The City would conduct an RFP process that awards franchises based on flexible guidelines concerning a desirable number of companies and taxicabs, including a mix of cabs permitted exclusively in Santa Monica and cabs that operate as part of a regional system. Companies would be selected, and the number of companies and taxicabs would be determined on the basis of proposals, including companies' business plans demonstrating their ability to operate a proposed number of taxicabs. Once selected, companies would have flexibility to adjust their fleet sizes based on documentation provided to the City, as described in more detail below.

The analysis suggests that as many as approximately 200 "full-time equivalent" taxicabs may be able to serve demand in Santa Monica without the negative effects of oversupply. This figure is offered as a rough guideline rather than a definitive target. Since reliable data about actual taxi demand is not available, it is not possible to arrive at an optimal size for the Santa Monica taxi fleet with any confidence. For this reason, a system is needed that strikes a balance between: 1) providing guidance to prospective operators and some assurance that they will not face destructive levels of competition; and 2) allowing companies flexibility to determine the best number of taxicabs to operate based on company resources and market conditions.

Because demand is highly variable, it is desirable that the overall fleet include vehicles that have the ability to serve Santa Monica at busy times but are not exclusively dependent on Santa Monica for a livelihood. These part-time or "regional" fleets would expand the total number of taxicabs permits that may be feasible. As an example, if 50 cabs are permitted in Santa Monica and elsewhere, and these cabs spend on average one-third of their time in Santa Monica, then a total of 150 local cabs and 150 regional cabs would result in 200 full-time equivalent cabs.

### **Request for Proposals**

The City would issue an RFP announcing the intent to award franchises for taxicab service in Santa Monica, with a range specified for the number of franchises and the number of total taxicabs. A reasonable range would be 4 to 8 companies, including at least three local companies and one or more regional companies, collectively operating between 200 and 300

taxicabs licensed in Santa Monica,<sup>7</sup> with the total number of licensed taxis depending on the mix of local and regional companies. These ranges, especially the range for the number of taxicabs, would be guidelines only, subject to modification based on the proposals received.

We suggest that a company be considered “local” as long as it operates a fleet that is permitted solely in Santa Monica. Because of high property value and zoning rules, it is very difficult to locate a taxi business within the City Limits. A rule that a dispatch and business office be located within some specified distance of the city (ten miles for example) would limit the travel time of City staff if records need to be inspected and would limit excess driving time by drivers when they need to pick up or drop off vehicles, turn in reports, etc. The City could provide additional preference in the RFP evaluation process for local companies that were already established at the time the RFP was issued.

Proposal requirements would include:

- A commitment to operate a fleet including a minimum number of taxicabs, all of which would be part of a centralized dispatch system. A reasonable minimum fleet size based on other cities would be 25 vehicles permitted in Santa Monica. This should be enough vehicles to justify the overhead of a dispatch system and professional company management.
- A description of how the dispatch system would work, including its ability to make trips available to drivers throughout the city without favoring any driver, while minimizing response time during all times that the company’s vehicles are operating.
- A commitment to maintain a staffed place of business where the dispatch system is located, required records are kept and can be inspected by the City, and customers can file complaints and retrieve property left in vehicles.
- A desired number of taxicab permits and a minimum acceptable number of permits, and business plans demonstrating the company’s ability to operate the corresponding numbers of cabs, including the following items.
- Evidence of financial stability, including a financial statement and evidence of sufficient capital or debt funding to carry out the company’s business plan.
- Information about company ownership and management sufficient to determine qualifications and to determine that there is no significant overlap in the ownership or management of multiple proposers.
- Details of the company’s experience in operating taxicab service.
- A fleet plan showing how the company would acquire vehicles or replace existing vehicles such that all vehicles meet requirements (described in more detail below) for inspection, limits on emissions, and availability of wheelchair-accessible service.
- A staffing plan demonstrating the availability of drivers to operate the number of permitted taxicabs that has been proposed, or the ability to recruit and train the required number of drivers. The staffing plan should include policies the company will follow in reviewing driving records and allowing drivers to drive.
- A distinctive color scheme and name that are easily distinguishable from color schemes and names of companies operating in nearby jurisdictions.

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<sup>7</sup> Following review with City staff these recommended guidelines may be revised downward. We assume the City will consult further with taxi drivers and taxi company managers before settling on a guideline for use in an RFP.

- A training plan. Desirable content would include City regulations, company procedures, defensive driving, map reading, local geography, customer relations, security and public safety, and requirements for non-discrimination in treatment of people with disabilities
- A marketing plan, including a required listing in the local telephone directory and Yellow Pages, and any other steps (such as advertising in the newspaper or tourist literature, a web site, coupons, etc.) to ensure that potential customers can contact the company and to ensure that drivers are not dependent on walk-ups and street hails for business.
- Proposed lease rates and fees that would be charged to all drivers. No differences in fees among drivers based on access to the dispatch system should be permitted.
- An estimate of the number of daily dispatch and walk-up trips that would be served by each cab. If the number of cabs or proportion of dispatch trips differs from current levels, or if the company does not currently serve the Santa Monica market, the rationale for the estimate should be explained.
- Proposed meter rates and flat rates, consistent with limits set by the City, and any discounts that would be offered to residents or to seniors or people with disabilities.
- A record keeping plan that includes dispatch logs and driver logs and is capable of demonstrating the utilization of each permitted taxicab and the amount of business carried by each driver.

## **Selection Process**

The City would score proposals based on how well each company responded to each of the requirements above. Starting with the highest scoring proposal and proceeding downward, permits would be allocated within the ranges requested until a total number of companies and permits within the desired ranges is achieved, including a mix of local and regional companies. A second phase of negotiation or adjustment may be needed, since companies may need to adjust their business plans after they learn more about the competitive environment that they will face. The result would be an initial number of permits for each company, subject to adjustment as described below. Conflicts in choices of names and color schemes may need to be resolved using priority based on proposal evaluation scores, prior use, or negotiation.

## **Changes in Permit Numbers**

The initial selection process would determine the maximum number of taxicab permits that each company can obtain. A specified time period would be allowed for companies to bring taxicabs for inspection and permitting and the resulting fleet would then be that company's authorized number of permits. This authorized fleet size would be subject to adjustment upward or downward during the franchise period as follows:

- If the company is able to demonstrate, through dispatch records and driver logs, that its fleet is achieving a threshold level of utilization set by the City, or is consistently unable to respond to the volume of dispatch calls, then it would be able to increase its authorized fleet size. The threshold level should be set in consultation with the companies.
- If a company's dispatch records and driver logs indicate that its fleet utilization is below some minimum level, then its authorized fleet size would be reduced by the percentage that it falls below the minimum level. Alternatively, to avoid excessive monitoring costs,

the City could reduce a company's authorized fleet size if its cabs consistently violate taxi zone and parking regulations.

If a company is unable to maintain the minimum level of utilization for the minimum-required fleet size, its franchise would be subject to cancellation.

In principle, the recommended process would allow for continuous adjustment of the allowed number of full-time equivalent taxicabs, using on-street observation, analysis of records kept by the companies, and review of complaints received by the City. In addition, at any time, the City could undertake a comprehensive review of the total authorized number of cabs. Such a review would be appropriate if the City decides to issue a new RFP for franchises. Factors suggesting that the authorized number should be reduced would include underutilized cabs, a pattern of parking and on-street waiting violations, complaints about taxis cruising for business, and short response times for telephone orders. Factors suggesting that the authorized number should be increased would include fully utilized cabs, a scarcity of cabs at taxi stands, and long response times for telephone orders.

## **Meter Rates**

The City should set a maximum meter rate and a common mileage increment that all companies must use, as well as maximum flat rates for airport trips. The mileage increment should be compatible with requirements set by the City of Los Angeles. A maximum meter rate corresponding to \$17.90 for a five-mile trip would include two-thirds of the cabs currently permitted in Santa Monica, including those operated by most of the larger companies. A maximum rate corresponding to \$19.90 for a five-mile trip would include the fares charged by 88% of all permitted taxis in the city. Within the limit of the maximum rate established by the City, companies would be able to establish any rate they like as part of their proposal or annual filings. The City should require that rates be posted on the exterior of each cab, as well as in the interior. There should be two flat rates to LAX, one for the area south of the Santa Monica freeway, and one for the area north of the Santa Monica Freeway.

## **Vehicle Inspection**

The City should establish a single inspection facility to which all taxicabs must be brought in order to be certified as safe and in compliance with City requirements. The facility could be run by a City department, or it could be a private facility that is awarded an exclusive franchise. Taxi companies would pay the cost of the inspection. The inspection should be based on a detailed list of requirements, for example one that is similar to the one described in Chapter 2, based on requirements established by the City of San Diego. Assuming that the City adopts the proposed SULEV emission requirement, then the inspection should determine compliance with this requirement.

## **Emissions Requirements**

The proposed requirement for vehicles meeting the SULEV emissions standard should be phased in over three years to avoid negative economic impacts that would risk significant disruption of the taxicab industry in Santa Monica. Each company would be required to have a fleet with at least one-third SULEVs after one year, two-thirds SULEVs after two years, and entirely SULEVs after three years. Companies that committed to exceeding the SULEV standard, and received additional points in the RFP scoring process, would need to demonstrate that they were meeting their commitment. Failure to meet such an additional

commitment to the SULEV standard could result in reducing the company's authorized fleet size. Wheelchair-accessible vehicles should be excluded from the SULEV requirement until such time as the City determines that appropriate vehicles are available. City may also wish to allow special consideration for investments in "green" vehicles already made by some companies.

## **Wheelchair Accessibility**

Initially, each company should be required to have at least one wheelchair accessible taxicab in service at all times. Since the demand for this service is not known, a flexible standard may be needed that would apply beyond the initial requirement. For example, each company could be required to show that it can respond to a request for wheelchair accessible service within a specified response time, such as 15 minutes. This type of standard would work as well for regional companies as for local companies. It may be necessary to exempt wheelchair accessible vehicles from the SULEV requirement.

## **Franchise Term**

The franchise term should balance several factors: 1) the possibility that some adjustments may be needed after such a major change in the method of regulating companies; 2) the need for some minimum term for companies to justify investment and to obtain financing; 3) avoiding the expense and effort of overly frequent RFP processes. We suggest that the initial term of the franchises should be three years, with one-year extensions available after that as long as permitted by the City's code. However, the City should reserve the right to issue an RFP for additional franchises if one or more companies drops out of the market or has its franchise revoked.

## **Insurance**

Raising the insurance requirement to \$1,000,000 combined single limit would be feasible, and would provide additional consumer protection. Companies with good finances should have no difficulty obtaining this coverage.

## **Hotels**

The City should consider prohibiting taxi companies from paying a hotel for exclusive rights. This would fall short of outlawing preferential arrangements entirely, since companies could compete on the basis of service quality or discounts. It would leave hotels the ability to ensure good service for their guests and address possible congestion issues. Eliminating payments for exclusive pick up rights would promote competition based on service and price and would reduce the need for companies to recoup these payments through higher fares.

As an alternative, the City could leave the issue of exclusive deals with hotels for possible future consideration, since we did not investigate this issue in detail and the proposed changes should significantly reduce competition and dependence on this market.

## **Enforcement**

Companies should be held liable for all violations by their drivers. In addition to financial liability for penalties assessed against drivers, companies whose drivers have a poor record of compliance should be subject to additional company-specific penalties. These could include

monetary penalties, reductions in authorized fleet size, or suspending a company's franchise for some period of time.

# **APPENDIX A**

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## PEER REVIEW



## Appendix A. Peer Review

	Sacramento	Los Angeles	West Hollywood	Beverly Hills
<b>Regulatory framework</b>	Company/Association Permits	Franchise Awarded by RFP process, approved by council	Franchise Awarded by RFP process, approved by council	Certificate of Public Convenience and Necessity granted by council.
<b>When current regulations implemented?</b>	2006	2000	2003	Unknown, at least 1980's.
<b>Company criteria</b>	<p>If requirements met, association permit will be issued:</p> <ul style="list-style-type: none"> <li>• A single contact officer must be established who is authorized to bind.</li> <li>• A color scheme.</li> <li>• Minimum fleet size of 25 taxicabs in operational condition at all times.</li> <li>• Acquire and maintain a minimum of one accessible taxicab in each Taxicab Fleet within six months of issuance of a permit.</li> <li>• Maintain a staffed place of business within 10 miles of city limit, with telephone service and business facsimile number.</li> <li>• 24-hour dispatch service.</li> <li>• Maintain a complaint intake procedure and respond to consumer complaints.</li> <li>• Post and maintain a "Passenger's Bill of Rights."</li> <li>• Establish and maintain a trip log requirement for all drivers and taxicabs.</li> </ul>	<p>Must meet minimum company requirement similar to Sacramento plus computer dispatching, business plans, etc. Predetermined number of companies awarded based on responses to RFP on criteria:</p> <ul style="list-style-type: none"> <li>• Bidder Identification, Corporate Structure &amp; Organization Procedures (5%)</li> <li>• Bidder Character Qualifications (15%)</li> <li>• Bidder (Company) Experience (25%)</li> <li>• Management and Administration experience (20%)</li> <li>• Quality and Feasibility of Management/Business Plan (35%)</li> </ul> <p>"If deemed necessary, each bidder's business locations) will be visited by Department staff</p>	<p>Essentially the same as Los Angeles except:</p> <p><u>Group 1.</u> Taxicab operators with current permits considered on a "qualified/not qualified" basis without ranking and if qualified will be awarded a franchise for no more than the number of vehicles currently licensed by the City taking into account a) Company and/or driver complaints over the past three years as a percentage to total complaints and b) Average Response time as calculated by DOT random sampling 13 minutes or less.</p> <p><u>Group 2.</u> RFP Criteria for new applicants or exiting companies wishing to expand also required minimum score of 80%:                      Proposer Experience 25%                      Manager Experience 15%                      Quality / Feasibility Management Plan, 30%.</p>	<p>Companies must establish need, provide market information and meet other minimum requirements such as "financial capability" and meet other requirements of the City code such as convictions.</p>

	Sacramento	Los Angeles	West Hollywood	Beverly Hills
		and others for the purpose of evaluating accounting practices, facilities, personnel and other operational procedures."	Character 30% Also computer dispatching, business plans, etc.	
<b>Startup period for new regulations</b>	System was phased in. Owners had 11 months from date of ordinance adoption - to form associations that met the minimum fleet size and other requirements.	Each proposer to propose firm schedule for startup of operations and computer dispatching.	90 day startup period 6 months for computer dispatch.	n/a
<b>Computerized dispatch required or incentives?</b>	24-hr dispatch capability is required, but technology is not specified. Many of the drivers still use cell phones, but are working together more as a team e.g. to pass on calls.	Yes / Yes, including MDTs, also computerized reporting.	Yes / Yes, including MDTs.	2-way data communication (e.g., MDTs) required in addition to 2-way radio.
<b>Facility requirements</b>	Must be within 10 miles of city limit.	RFP points for facility and location, operating and dispatch.	RFP points for facility and location, operating and dispatch.	Provide and maintain a physical location for holding of vehicles and operation of the business within ten (10) miles of the city.
<b>Financial requirements</b>	None	Documents showing the availability of sufficient equity and/or debt capital to start up and operate the proposed service until it becomes self-supporting. Audited financial statements given greater weight. Personal financial statements kept confidential. Debt Funding - Minimum documentation shall include commitment letters from lending institutions. "The letters should make specific reference to..."	Same as Los Angeles.	A financial statement of applicant in the form and content designated by city.

	Sacramento	Los Angeles	West Hollywood	Beverly Hills
<b>Vehicle insurance</b>	350,000 CSL	100,000 /300,000 injury. 50,000 property.	\$100,000.00 / \$300,000 injury or \$350,000 CSL / \$100,000.00 property; Deductible not more than 5,000.	\$350,000 CSL Not more than \$2,500 deductible.
<b>Performance bond or deposits?</b>	No	\$320 per vehicle authorized (so 100 vehicles equals \$32,200.00).	Ten Thousand dollars (\$10,000) deposit on file at all times.	n/a
<b>Non-refundable application fees?</b>	No	Non-refundable filing fee in the amount of \$6,000.	Non-refundable application fee in the amount of \$1,500.	Taxicab Hearing of Public Necessity and convenience \$4,657.60 Modification \$3,100.90
<b>Franchise or company fee</b>	Company/association permit: \$2,500 (initial); \$1,000 (renewal)	\$128 per month for each authorized cab regardless of use times service adjustment factor currently 50% times meter adjustment factor to account for increases since ordinance passed.	The franchise fee is established at \$2,000 plus \$800 per permitted taxicab vehicle in place per year. (No vehicle in place, no fee.)	\$10,000.00
<b>Permit fees</b>	Vehicle permit: \$150 (\$50 for re-inspection) Driver permit: \$75 (\$50 late fee) + \$59.50 fingerprinting Change of association fee for vehicle or driver: \$100	Vehicle \$60, Driver \$68 / \$98 renewal Many others		\$840 per vehicle per year.
<b>Company fees to driver evaluated?</b>	No	Yes in RFP	Yes in RFP	No
<b>Meter rate regulation</b>	Maximum rates are set by the City.  Operators may charge below this legal maximum.	Established by the Board of Taxicab Commissioners and approved by the City Council and Mayor by ordinance.	Council sets. Usually follow Los Angeles.	Council sets. Usually follow Los Angeles.

	Sacramento	Los Angeles	West Hollywood	Beverly Hills
<b>Meter rate changes</b>	Maximum Rates are adjusted annually using the CPI-T index. These annual increases are determined by the city manager, but city council may choose to hold a hearing to disapprove or modify rate changes.	Rate indexing process using CPI other factors.	Council sets.	Council sets.
<b>Current meter rates</b>	(Maximums) <u>Flag drop</u> - \$4.00 (increment is 1/5 mile) <u>Per mile</u> - \$2.50 (increment is 1/5 mile) <u>Per hour</u> - \$26.00 / hr	<u>Flag drop</u> - \$2.45 (1/7 mile or 47.5 seconds) \$0.20 addition to the Flag Drop for current bandit enforcement from LAPD = \$2.65 total flag drop <u>Per mile</u> - \$0.35 per additional 1/7 mile or part (\$2.45/mile) <u>Per hour</u> - (\$26.53 per hour (increment is 47.5 seconds) <u>Flat rate</u> - \$42 for trips between LAX to downtown \$15 minimum trips from LAX.	<u>Flag Drop</u> - \$1.90 (1/9 mile) <u>Per mile</u> - \$1.80 (increment is 1/9 mile or part) <u>Per hour</u> - \$20 (\$0.20 per 36 seconds of waiting or traffic delay time) <u>Flat rate</u> - \$35 flat fare for trips from West Hollywood to LAX. To provide other flat fee trips, Franchisee must submit for approval a list of destinations and the total cost of each trip.	<u>Flag drop</u> - \$2.45 (1/7 mile) <u>Per mile</u> - \$1.40 (increment is 1/7 mile) <u>Per hour</u> - \$15.15 per hour (.20 per 47.5 seconds) <u>Flat rate</u> - \$38 flat rate to the Los Angeles Airport (LAX).
<b>Coupon program for elderly / disabled</b>	No.	Various programs. Ordinance prohibits asking about payment by coupon. <sup>8</sup>	Coupon books worth \$24 sold for \$8 per book. May be used for up to \$12 per ride. Companies are paid 90% of face value.	Coupon books worth \$24 sold for \$6 per book. Paid back to companies at 90%.
<b># of companies before the current regulations</b>	80, including 42 single-cab operators and 16 two-cab operators	9	4	n/a
<b># of companies after the current regulations</b>	8	9	7 (4 existing plus 3 new)	3

<sup>8</sup> "...operator or its employees/order takers/dispatchers shall not ask a customer requesting taxicab service his/her destination nor if payment will be by transportation coupons . . . issued by the City or its agents, unless guidelines for such ...questions have been ... approved by the Department."

	Sacramento	Los Angeles	West Hollywood	Beverly Hills
Can cabs be multi-jurisdictional?	Yes. Mostly occurs with SITO, which holds the airport concession. These cabs are licensed in County.	Yes.	Yes. (75% are jointly permitted in Los Angeles or Beverly Hills.)	Yes, but only with W. Hollywood.
How many taxis before new process?	353, which fell through attrition during the moratorium to about 320	2,183	421	n/a
How many taxis today?	371	\$2,303	530	120
How number of taxis established per-company?	By companies	City authorized 120 new vehicle permits before the process. Each proposer required to indicate the optimum number of taxicabs that will be deployed to provide the most efficient operation and a high level of service to the public in the zones bid on. The bid also to include adequate documentation on the number of taxicabs needed to meet bidder objectives in each Service Zone requested.	109 new taxicab vehicle permits to be allocated to Group 2. Staff recommended that these 109 taxicab vehicle permits be allocated in the following manner: 54 permits granted to the highest scoring proposal. 30 permits granted to the second highest scoring proposal. 25 permits granted to third highest scoring proposal. If only two proposals score 80% or above then 25 additional permits split 13/12. <sup>9</sup>	Established in the certificate, which can be increased by further application or decreased if not used or if there is a finding of too many taxis by the City.
Minimum fleet size requirement?	25	70	25	13
Permit caps? How increase?	No caps.	City council allocates new permits.	Every year can apply but must demonstrate need. Has not happened.	Same as an application for a new certificate.
Wheelchair vehicle requirement?	1:25 ratio required. Associations must: "Acquire and maintain a minimum of one accessible taxicab, as defined by federal and state regulation, in each taxicab fleet	2% of total fleet. Vehicle service level verification and documentation capture for wheelchair accessible vehicles	At least 10% of each authorized fleet . . . and City may specify vehicle service availability for general wheelchair accessible	A minimum of three (3), and City may require that a maximum of ten (10), of the taxi vehicles shall be

<sup>9</sup> The City Council reserves the right to allocate all 109 permits to the top ranked proposer, or alternatively, to divide the available permits among the proposers.

	<b>Sacramento</b>	<b>Los Angeles</b>	<b>West Hollywood</b>	<b>Beverly Hills</b>
	within six months of issuance of fleet management permit. Further, each taxicab fleet must acquire and maintain a ratio of one accessible taxicab, as defined by federal and state regulations, per twenty-five (25) vehicles within eighteen (18) months of issuance of fleet management permit. Accessible vehicles must be in operational condition and available during fleet operating hours;"	and other types as may be approved by the Board of Taxicab Commissioners. Currently they are capturing if vehicles are in service, but response time is based on "meter on" and therefore includes "load and lock" times. Actual response time will be measured after required dispatch enhancements take place.	trips. Phase in allowed 5% start, 5% after 1st year.	wheelchair accessible and ADA certified.
<b>Vehicle age or miles limits?</b>	No age restriction, but stringent quality standards. San Diego vehicle standards were used as a model. See checklist at: <a href="http://www.cityofsacramento.org/finance/revenue/documents/TC-4TaxicabInspectionForm_write.pdf">http://www.cityofsacramento.org/finance/revenue/documents/TC-4TaxicabInspectionForm_write.pdf</a> 3rd part inspecting required.	8 years, plus some extensions beyond this for emissions.	All vehicles must be 7 years old or less, as calculated by the year of the vehicle.	No vehicle in excess of five (5) years of age from the year of its manufacture unless such vehicle undergoes a special inspection before the end of the vehicle's fifth and sixth years.
<b>Emissions requirements or incentives?</b>	No.	At least 5% of vehicles certified as Ultralow Emission Vehicles (ULEV) within 12 months of franchise date. 1.4 Low Emission Vehicles (LEVs) may substitute for each ULEV.  Additional points could be awarded for proposing higher than any minimum standard in the RFP.  ULEVs also received one extra year (9 years instead of 8) and	Similar to Los Angeles	No.

	Sacramento	Los Angeles	West Hollywood	Beverly Hills
		18 months of Sunday airport access @ airport free and these credits can be applied to other vehicles in fleet.		
Does the city or the company inspect vehicles?	Inspected by a third party - Paratransit, Inc.	City.	City and company.	Company.
Driver training requirements?	None	The training program including curriculum and delivery shall be approved by the Board and shall include City and State rules and regulations; geography including map reading, major points of interest in Los Angeles, and familiarity with the City of Los Angeles and surrounding area; driver safety and defensive driving; vehicle safety and maintenance/inspection checks; customer service and relations; sensitivity guidelines for disabled, frail and elderly passengers; behind the wheel driver training; and accessible vehicle operation training and CPR certification or equivalent for accessible vehicle drivers.	A program for training its drivers pursuant to a training manual developed by Franchisee. The program content shall be subject to review and approval by City and shall include, but not be limited to, the following: City Rules and Regulations, Social Service and Senior programs, vehicle inspection, vehicle safety procedures, knowledge of traffic laws, passenger assistance and customer service, effective communication skills, and knowledge of Franchisee's authorized service area and passenger fares.	No.
Driver testing	Controlled substance/alcohol testing	The City completes official driver testing for driver permitting functions. The companies provide training to the new potential drivers, and may provide them with quizzes	Examination, developed and administered by the Director, which tests whether the applicant possesses the qualifications necessary to operate a taxicab. The examination shall test the	Passing an examination which shall be developed and administered by the transportation official in which the applicant demonstrates the

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		to make sure they are ready to take our test for a driver permit..	applicant's ability to communicate in English, to locate, with the aid of a street atlas, street addresses and intersections, to communicate points of interest and shall test his or her knowledge of the laws of the road. Also drug and alcohol test.	qualifications necessary for the operation of a public transportation vehicle. The examination shall test the ability of the applicant to perform the operator services authorized by the permit, including, but not limited to, the applicant's ability to communicate in English, to locate with the aid of a street atlas, street addresses and intersections, and the ability to communicate points of interest. Applicants must pass a DOT drug and alcohol test.
<b>Drivers service requirements such as response to calls, etc?</b>	Typical non-refusal of service, taking most direct route, keeping vehicle clean, etc.	Many requirements on company from their proposals. In addition, detailed rules.	Extensive points system for various facets.	Very basic. "Good grooming." No overcharging. No cruising.
<b>How are complaints handled?</b>	Association must establish a complaint procedure and post number in cab. City fields complaints if these are not resolved.	Company is primary and must submit plans on handling. City keeps detailed records and uses these in performance reporting.	Company requirements and city if complaints not resolved or contacted directly.	Phone # for both regulator and company in cab. Most go to company.
<b>Recordkeeping or reporting requirements</b>	Drivers must maintain trip logs. Association must maintain the following records for at least one year, available for inspection by the City: "All records pertaining to the taxicab fleet association's operation and management,	Extensive record keeping including computer dispatching records, record keeping program for driver, member, employee, and operator including process, location, and	Membership and lease driver records, waybills, maintenance records, maintenance plan, financial statements, insurance, fleet schedules, dispatch records, vehicle records, affirmative action	Very limited reporting requirements. No driver log requirements.

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	including but not limited to: dispatch logs, vehicle inspection records, driver training records, passenger complaints, citation records, leasing records, insurance records, copies of taxicab permits, driver permits, taxicab vehicle repair and service records, passenger comment cards, existing and new driver training records, vehicle insurance policies, vehicle registrations, and taxicab sign out log or equivalent, and other information as required by the city manager's rules and regulations for the operation of taxicab fleets." <sup>10</sup>	retention duration; complaints; accidents/claims; special programs and agreements; drug testing contracts, agreements;	records, and employment records. 141. Each taxicab franchisee shall maintain and provide to the Department of Transportation and Public Works (DOT) on request order and dispatch record information for each service request.  The driver is not required to record flag down or walk-up style trips.	
<b>Dedicated enforcement officers?</b>	No dedicated officers. Handled by code enforcement with assistance from police department.	Dedicated Code enforcement officers.  Six investigators and one senior investigator for bandit and illegal taxicab enforcement. <sup>11</sup>  Also three investigators and one senior investigator for normal taxicab regulation, inspection and enforcement activities.  One chief investigator in charge of all 15 other investigators.	No. Police force only but they are very involved.	None truly dedicated, but 3 that also do parking, valet regulations and disabled placards.

<sup>10</sup> In addition to the dispatch records, the driver is required to include all trips taken as part of his daily waybill record (dispatch, flag down, personal calls, airport pickups, hotel pickups, etc.).

<sup>11</sup> LAPD is now providing bandit taxicab enforcement activities as part of an overtime based activity with no charge for equipment or other fees. They provide various sting activities each month and spend approximately \$750,000 per year. As provided in the rates, each driver charges \$0.20 additional in the flag drop. They are then assessed \$30 per month per "in service" cab. This money goes to a fund for extra LAPD and LADOT overtime bandit enforcement.

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<p><b>Evaluation; recent issues; future plans</b></p>	<p>“Overall it’s been a huge success.” The industry formed associations without too much grief – all of them met the deadline (Dec ‘06). The association model is working well because the managers are trying to clean up the associations. They are complying with everything that we are asking for. The main aims have been achieved.</p> <p>Just from driving around town, the cabs look a lot better and are more clearly identified.</p> <p>The City made a concerted enforcement effort in association with the Code changes. A lot of Code Enforcement staff were assigned and “riding shotgun on these guys.”</p> <p>May still be oversupply. Cab numbers have increased by about 25% since the moratorium was lifted. It’s unclear how the industry or drivers are doing economically.</p>	<p>Service quality has improved. Stand cabs in news. Gypsy or unauthorized cabs is a problem.</p> <p>Consider system that gives existing franchise advantage over new entrant.</p>	<p>Objectives met: opening entry and service quality. The system works.</p> <p>Senior service is still a big problem. Not enough emphasis on driver regulation / requirements, versus companies</p> <p>Parking is still a big problem, but without new requirements would be worse.</p> <p>Senior service is still a problem; much to blame on coupon program paying only 90% and grocery store trips.</p> <p>Grocery store service is a problem.</p> <p>More emphasis next time on driver controls in company such as hiring, qualifications, training.</p> <p>Next time make requirements even more stringent including performance. Overall however, very good impact.</p> <p>Next RFP will be stricter on existing companies to remain.</p>	<p>Very thorough driver background checks, low complaints. Driver background checks take too long to get from police department. One day of fingerprint by appointment.</p> <p>Big problem is parking: there is just nowhere for cabs. Taxi stands are needed in the business district.</p> <p>Some service complaints. When meter fares are not set as they are in LA, cab meters have 2 rates and drivers can charge higher.</p> <p>Trying to change to franchise. Stated reasons: protect citizens, service standards, authority to regulate standards.</p>