



CITY OF LONG BEACH

H-3

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Blvd • Long Beach, California 90802

December 2, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Biennial Report on Public Convenience and Necessity Regarding Taxicab Service, determine that the number of authorized taxicabs is sufficient, and direct that the time period for filing of taxicab applications remains closed. (Citywide)

DISCUSSION

In May 2000, the City Council passed Resolution C-27694 closing the time period for the filing of taxicab applications until specifically opened by the City Council. In addition, the Resolution requires that not less than once every two years, beginning in October 2002, the City Manager conduct an investigation into the public convenience and necessity regarding taxicab service and recommend whether the period for filing of applications should be opened or remain closed. If it is determined by the City Council that the number of authorized taxicabs is sufficient for the needs of the City, then the time period for the filing of applications shall remain closed. If, on the other hand, the City Council determines that the number of authorized taxicabs is insufficient for the needs of the City, then the time period for the filing of applications will be opened.

City staff has conducted an investigation into the public convenience and necessity regarding taxicab service (attached). This report examines the taxicab service being provided to both resident and non-resident taxicab customers, finds that Long Beach Yellow Cab is providing satisfactory service, predicts the number of taxicabs authorized to operate in the City of Long Beach will be sufficient, and recommends that the period for filing of taxicab applications remain closed.

SUSTAINABILITY

Long Beach Yellow Cab is committed to supporting efforts to promote environmentally sensitive business and lifestyle practices. In supporting these practices, the Yellow Cab Co-Op adopted a "Green taxicab" program that requires owner-drivers to replace their existing taxicabs with compressed natural gas (CNG) or Hybrid powered vehicles. Apart from a limited set-aside for wheelchair-accessible vehicles, some gasoline-powered minivans and the London taxi program, every replacement vehicle or new vehicle placed into service as a taxicab will be either hybrid gasoline-electric, or fueled by CNG. It is expected that approximately 30 taxicabs per year will be changed over to environmentally friendly and fuel-efficient green technology.

This matter was reviewed by Deputy City Attorney Richard Anthony on November 5, 2008 and Budget Management Officer Victoria Bell on November 13, 2008.

TIMING CONSIDERATIONS

City Council action on this item is not time critical.

FISCAL IMPACT

The annual business license tax for a maximum of 175 taxicabs of \$70,850 is due on January 1, 2009 and will be deposited in the General Fund (GP) in the Department of Financial Management (FM) consistent with the Adopted FY 09 Budget.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

RIB:bcv
K:\EXEC\COUNCIL LETTERS\COMMERCIAL SERVICES\TAXI CAB\12-02-08 CCL - TAXICAB BIENNIAL REPORT.DOC

ATTACHMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

**STAFF REPORT TO THE CITY COUNCIL
ON THE PUBLIC CONVENIENCE AND NECESSITY
REGARDING TAXICAB SERVICE**

December 2, 2008

Background

In May 2000, the City Council passed Resolution C-27694 requiring a biennial report on the public convenience and necessity regarding taxicab service in Long Beach. The Resolution also provided that new taxicab companies may only apply to do business in Long Beach when the time period for taxicab applications has been opened by the City Council. This is the fourth such report; it covers the period from November 2006 through November 2008 and contains a recommendation on whether or not the number of authorized taxicabs is sufficient for the needs of the City. By resolution, if the number of taxicabs is sufficient, the time period for filing taxicab permit applications shall remain closed. If insufficient, the time period for filing applications shall be opened. New authorized taxicab slots would first be offered to the current taxicab permittee, provided that the permittee is in full compliance with the terms of the existing permit and all of the provisions of the Municipal Code.

In October 2004, the City Council found that the 175 taxicab permits authorized in 2004 were sufficient and continued 175 taxicab permits through 2008. This report examines the taxicab service being provided to both resident and transient taxicab customers from 2006 through 2008. It finds that Long Beach Yellow Cab is providing satisfactory service, finds that the public convenience and necessity is being served, that the present 175 taxicab permits is still *sufficient*, and recommends that the period for filing of taxicab applications remain closed.

Investigation

The investigation into public convenience and necessity of taxicab service in Long Beach took three forms. First, along with approval of Resolution C-27694, the taxicab ordinance was revised to require each taxicab to display a customer service phone number for the City of Long Beach to receive inquiries or complaints. A spot check of 21 taxicabs found that each did have the customer service phone number displayed. All taxicab complaints received by the City have been transcribed from voicemail or taken by customer service representatives and saved in a file. Second, a repeat of the customer service survey taken in 1999, 2002, 2004, and 2006 was made in October 2008 to determine if there has been a change in the quality of taxicab service provided in the City of Long Beach. Third, Long Beach Yellow Cab, the present taxicab operator in Long Beach, has completed an analysis of taxicab supply and demand in the City.

The customer service line for taxicab complaints has been established for both English and Spanish speakers since June 2000. During the past two years there have been only seven complaints received from Long Beach customers. They are summarized in the attachment. These seven complaints were all referred to Long Beach Yellow Cab for satisfactory resolution. These customers never called back. The seven complaints were the only ones received during this two-year period and are a remarkably small number of complaints for the number of customer contacts. To put it in perspective, Long Beach Yellow Cab picks up about 54,000 Long Beach customers a month, which equates to over 1,300,000 customers in this two-year reporting period. In addition, during this two-year period there has been no indication that Long Beach Yellow Cab is not in full compliance with the Municipal Code and with the terms and conditions of their existing permit to operate 175 taxicabs in the City.

The survey conducted by the Commercial Services Bureau, which measured taxicab timeliness, cleanliness, courtesy, and overall satisfaction, had a favorable result. Business License Inspectors conducted the survey in person at hotels, transportation hubs, and tourist attractions. They surveyed the employees at these locations who are responsible for calling taxicabs for their customers, the belief being that these are the people that would hear the complaints. Of the 15 locations completing the survey, all gave the present taxicab service at least an overall satisfactory rating, with five ratings in the "superior" or "outstanding" category. In evaluating timeliness, cleanliness, courtesy, and complaints, at least 67 percent of those surveyed awarded a rating in the highest two scores in these areas. While there are some minor deviations, these scores are comparable with the survey results from 2006. The results of the October 2008 Survey are attached, with results from the last five surveys summarized in the table below.

	2008 Rating	2006 Rating*	2004 Rating	2002 Rating	1999 Rating
Timely	Often	Often	Often	Often	Constantly
Clean and Professional	Often	Often	Often	Often	Often
Courteous	Often	Often	Constantly/Often	Often	Often
Received Complaints	Seldom	Seldom	Seldom	Seldom	Seldom
Overall Rating	Satisfactory	Satisfactory	Superior	Satisfactory	Satisfactory

*The categorical rating choices were Constantly/Often/Occasionally/Seldom/Never, except the overall rating choices were Outstanding/Superior/Satisfactory/Poor/Unsatisfactory.

Long Beach Yellow Cab has analyzed the supply and demand for taxicab service in Long Beach. In a letter dated November 3, 2008 (also attached), they conclude that taxicab supply and demand are in balance and that the present 175 taxicabs permitted in Long Beach are sufficient.

Conclusions

1. From the surveys conducted of taxicab customers and from the minimum number of complaints taken over the City's taxicab complaint telephone line, Long Beach Yellow Cab is providing satisfactory service to the City of Long Beach.
2. It appears Long Beach Yellow Cab is operating in full compliance with the Municipal Code and with the terms and conditions of the existing permit to operate 175 taxicabs.
3. The number of taxicabs presently permitted in the City *is sufficient* to meet the needs of the City.

Recommendation

Since the present number of taxicabs permitted to operate is sufficient to meet the needs of the City, the recommendation is for City Council to keep closed the period for the filing of taxicab permit applications.

Attachments:

1. Summary of Taxicab Hotline Calls
2. 2008 Customer Service Survey
3. Long Beach Yellow Cab letter, November 3, 2008

SUMMARY OF TAXICAB HOTLINE CALLS

September 2007 – February 2008

LONG BEACH YELLOW CAB CUSTOMER HOTLINE COMPLAINT CALLS

DATE:	COMPLAINT FROM:	COMPLAINT:
9/21/07	Dana: (626) 422-XXXX	Cab #1288: Problems driving; Very unsafe driver; Almost in 2 accidents; Wondered if cab driver was drunk.
12/28/07	Catalina: (310) 612-XXXX	Cab #1294: Cruise Pick-Up; Cab driver cursed and yelled at customer; Used profanity; Cab driver didn't want to transport short distances.
02/06/08	No name and no phone number	Cab #136: Rude driver; Complimented other drivers.
02/20/08	Patricia: (562) 316-XXXX	Driver rude; Meter rate jumped; Charged different rate than meter read; Charged \$12.50; Didn't give/get number of cab; Shoreline Aquarium Way.
02/20/2008	Devon:	Has letter to fax; Complaint of Lift; Didn't give/get number of cab.
09/21/08	Brenda: (310) 634-XXXX	Cab #1288: At 7:15 a.m. problems with driving; Wanted to get out of the cab and refused to let her out; Was very nervous while driving, driving too fast.
09/22/08	Crystal: (909) 562-XXXX or (562) 860-XXXX	Cab #1288: Picked up at Long Beach Airport; Had problems with price of ride; Wouldn't let her see the meter; While driving, he was on cell phone



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard

Long Beach, CA 90802

TAXICAB SURVEY RESULTS

Based on your observations, please circle the appropriate response.

1. The current taxicab service in the City of Long Beach is timely.

Constantly ### I	Often ### III	Occasionally I	Seldom	Never
---------------------	------------------	-------------------	--------	-------

2. The current taxicab service in the City of Long Beach presents a clean and professional image.

Constantly ###	Often ### I	Occasionally II	Seldom II	Never
-------------------	----------------	--------------------	--------------	-------

3. The current taxicab service in the City of Long Beach is courteous to customers.

Constantly ### II	Often ### II	Occasionally I	Seldom	Never
----------------------	-----------------	-------------------	--------	-------

4. I have received complaints about the current taxicab service in Long Beach.

Constantly	Often III	Occasionally III	Seldom III	Never III
------------	--------------	---------------------	---------------	--------------

5. I rate the present taxicab service in the City of Long Beach as:

Outstanding III	Superior II	Satisfactory ### III	Poor II	Unsatisfactory
--------------------	----------------	-------------------------	------------	----------------

TAXICAB SURVEY
October 2008

COMPANY/ORGANIZATION SURVEYED:

1. AQUARIUM OF THE PACIFIC
2. BEST WESTERN SAILS
3. CATALINA CRUISE
4. COURTYARD BY MARRIOTT
5. GUESTHOUSE
6. HOLIDAY INN No. 1
7. HOLIDAY INN No. 2
8. HYATT
9. LONG BEACH HILTON
10. LONG BEACH MARRIOTT
11. QUEEN MARY
12. RENAISSANCE
13. RESIDENCE INN MARRIOTT
14. SEAPORT MARINA
15. WESTIN



November 3, 2008

VIA HAND DELIVERY

Mr. Richard Bartlett
Business Services Officer
City of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802

Re: Long Beach Biennial Review of Public Convenience & Necessity

Dear Mr. Bartlett:

Thank you for requesting Long Beach Yellow Cab's input into the City's biennial analysis and determination of the public convenience and necessity of the taxicab industry. I am happy to provide you with the following information, which we believe mitigates strongly in favor of a decision by the city to make no change in the city's taxicab fleet at this time.

To begin with an overview, and as we will explain in further below, we are deeply concerned with the effect of the current local and national economic crisis on the income of our driver-owners. We have seen a downturn in demand for taxicab service that began [when], and the consensus of economic forecasts point to further economic decline before we see improvement. Simply put, there could be no worse time than now to put a new taxicab fleet on the streets of Long Beach.

The Balance of Supply and Demand

The concept of public convenience and necessity encompasses a balancing of the number of taxicabs on the city's streets with the demand for those services, while incorporating important city public policy objectives. When supply and demand are balanced, the public receives timely and reliable taxicab service from satisfied taxicab drivers who make a decent living wage to support their families, and negative effects like traffic, pollution, overcrowding are minimized.

An oversupply of taxicabs can severely depress driver incomes and leads to poor service as drivers are slowly starved out of the industry until the supply and demand balance is reestablished. Oversupply also leads to unsafe driving practices, as drivers rush to make as many trips as possible during periods of peak demand. Other negative effects of oversupply are wasted fuel and pollution and poor vehicle condition, all resulting from low revenue, and low service quality, as drivers who wait long periods for short trips show their unhappiness.

Mr. Richard Bartlett
Business Services Officer
November 3, 2008
Page 2 of 4

For many years, the City has enjoyed a strong balance of supply and demand by working with a single cooperative, Long Beach Yellow Cab. With the authority to operate up to 175 vehicles, Yellow Cab has every incentive to place as many taxicabs in service, but only if there is demand for new taxicabs and only if the taxicab drivers' incomes will not suffer.

Today, we have 155 vehicles in service out of our authorized 175.

Living Wages for Drivers

We know that the City Council has always expressed a strong policy in favor of living wages, and we support that view. We have been very moderate in the number of new vehicles that we have placed into service because we know that our drivers must earn a decent living if we are to sustain the high level of service that we strive to provide to the City. In the recent past, we could confidently say that overall driver satisfaction with their incomes was strong. Lately, however, many of our drivers, including some of the most experienced, are struggling because of two factors: wildly fluctuating gas prices (from which relief has come lately in two forms, a drop in fuel prices and a meter rate increase approved by the City Council), and the overall economy, which has brought a decline in demand for taxicab service. In the last month, a few of our best-known and longest serving drivers have left the business because they couldn't earn enough.

Green Cabs

On another front, we worked this year with City staff to implement one of the cleanest, greenest taxicab programs in the country. This program went into effect for our members September 1, 2008. The program worked out with City staff is greener than those of San Francisco and New York City, cities who enacted green taxicab programs with a great deal of fanfare. Apart from a limited set-aside for wheelchair-accessible vehicles, some gasoline-powered minivans and our very popular London taxi program, every replacement vehicle or new vehicle placed into service as a taxicab will be either hybrid gasoline-electric, or fueled by compressed natural gas. Given the average vehicle lifespan of four years, we expect to see approximately 30 taxicabs per year changed over to environmentally friendly and fuel efficient green technology. Six such vehicles are already in operation, with at least five more in preparation.

Working with Long Beach Yellow Cab allowed the City to achieve its green objectives faster than it could have with any other taxicab company. With the economy contracting, a new company with no demand for its services may promise a number of green taxicabs, but in reality could not sustain more than a handful of green taxicabs, while we are already well on our way to a dozen in just the first 90 days.

Mr. Richard Bartlett
Business Services Officer
November 3, 2008
Page 3 of 4

We ask the City to keep in mind as well that each of these taxicabs comes at considerable additional expense to our driver-owners. Whereas our business model has been based on used law enforcement Ford Crown Victorias (rated as Ultra-Low Emission Vehicles by the California Air Resources Board) at a cost of about \$6,000 each our first batch of CNG-powered Crown Victorias cost our members over \$15,000 each, including AQMD subsidies, and our first batch of Toyota Priuses are over \$20,000 each.

Long Beach Yellow Cab's Call Count – Impact of the Economy

Long Beach Yellow Cab's drivers' business comes from several sources: telephone orders that pass through our dispatch center, calls that passengers place directly with their own drivers, terminals such as Long Beach Airport, the cruise terminal and the Catalina terminal, venues such as hotels and shopping centers, and street taxi stands and street hails.

In the 12 months ending September 30, 2007, Long Beach Yellow Cab's call center handled 692,841 orders for taxicab service. Over that time period, the dispatched taxicab arrived within 15 minutes 79.32% of the time, and within 20 minutes 87.10 % of the time. These figures are overall, and include easy- and hard-to-serve areas.

In the 12 months ending September 30, 2008, Long Beach Yellow Cab's call center handled 658,700 orders for taxicab service – a ***decline*** of more than 34,000 orders. Over this more recent time period, our service time improved dramatically, with 84.37% of orders serviced within 15 minutes, and 90.74% of orders serviced within 20 minutes.

We attribute the improvement in service times to our continuing efforts to improve our computerized dispatch system and to the lower number of taxicab trip orders, which has resulted in taxicab being available faster.

You should know that the City of Los Angeles performs annual evaluations of the nine franchised taxicab companies in that city, and Los Angeles rates a company as “good” if it responds to 76% of its orders within 15 minutes of the order being placed. The company is rated as “excellent” if it achieves 80% within 15 minutes. Under this system, Long Beach Yellow Cab's performance far exceeds a rating of excellent.

Very importantly, we have seen a significant decline in demand for taxicab service beginning in December 2007. In the last 10 months since then, we have averaged a decline of 6.0% compared to the previous year. However, fall 2008 has seen even more dramatic drops, with both September and October 2008 declining more than 12% from the previous year. Out of concern for the health of our industry, now is not the time to add new taxicabs to the street.

Mr. Richard Bartlett
Business Services Officer
November 3, 2008
Page 4 of 4

Complaints

As has been the case for many, many years, Long Beach Yellow Cab and its drivers rarely generate complaints to the City about taxicab service. We have endeavored at all times to encourage a culture within the cooperative where everyone involved, from the drivers to our staff, understands and believes in the need to care for the special relationship that we have with the City of Long Beach. And this has translated into generally excellent service, which results in an extremely low number of complaints. We manage five taxicab fleets in Los Angeles County and nowhere do we see a more shared vision for customer service than within our Long Beach fleet.

Please keep in mind that Long Beach Yellow Cab's drivers transport more than 1 million passengers per year, and every one of these trips, plus every contact with a telephone operator, represents an opportunity to do the right thing or mess up. We believe that our ratio of complaints is exceptional.

Number of Cabs in Service

As mentioned above, although we are authorized to place into service 175 vehicles, and although we have every incentive to place into service as many vehicles as possible, we have 155 vehicles currently in service. Because we have seen declines in taxicab trip orders of more than 12% the last two months from the same months one year ago, and more than six percent over the last 10 months, we do not anticipate the need to add new taxicabs for the near future. Nor do we anticipate the need for more than 175 authorized vehicles over the next two years.

For all of the foregoing reasons, Long Beach Yellow Cab respectfully requests that the City determine that there is no change in the public convenience in necessity for its authorized taxicabs for 2008.

Please contact me if I can answer any questions or provide any additional information to you.

Very truly yours,



WILLIAM J. ROUSE

General Manager

Long Beach Yellow Cab Cooperative, Inc.