

May 6, 2005

Mr. Gerald R. Miller  
City Manager  
C/O Financial Management & Business License Department  
333 West Ocean Boulevard  
Long Beach, California 90802

Re: Long Beach Yellow Cab: Request for Taxicab Rate Increase

Dear Mr. Miller:

On behalf of Long Beach Yellow Cab Cooperative, Inc., I am requesting City approval of an increase in the taxicab meter rates that we currently charge in Long Beach.

As set forth on the following pages, Long Beach Yellow Cab's justification for this request is that the cost of operating our business has risen considerably since the last rate increase was implemented in 2001. In addition to other costs, we have seen record gasoline prices, and this is having a dramatic negative impact on the livelihoods of our drivers.

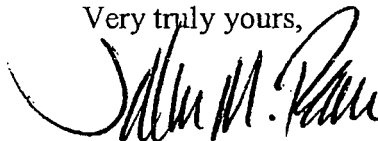
The rate that we propose to charge our customers is the same as the rate that was recently approved by the Board of Taxicab Commissioners of the City of Los Angeles. This rate is now pending approval by the Los Angeles City Council. That rate is as follows:

Flag Drop:	\$ 2.20 (first 1/11 of first mile)
Each Additional Mile:	\$ 2.20 (\$.20 each additional 1/11 mile)
Waiting Time, Per Hour:	\$ 24.00 (\$.20 each 30 seconds)

We hope that you will respond favorably to our request, so that our drivers can experience relief from the high costs that have driven their incomes gradually lower.

Please let us know what the next steps are in the review and approval process. Otherwise, if you have any questions, regarding this matter, please feel free to contact me at your convenience.

Very truly yours,



JOHN M. ROUSE

President

Long Beach Yellow Cab Cooperative, Inc.

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## **CURRENT RATES**

Since 2001, the rate that we have charged passengers in Long Beach is as follows:

Flag Drop:	\$ 2.00 (first 1/10 of first mile)
Each Additional Mile:	\$ 2.00 (\$.20 each additional 1/10 mile)
Waiting Time, Per Hour:	\$ 22.50 (\$.20 each 32 seconds)

## **COST COMPONENTS OF OPERATING A TAXICAB**

The following analysis of the costs of operating a taxicab are based on the City of Los Angeles Department of Transportation (LADOT) Taxicab Cost Index. We have attached a copy of LADOT's staff report to the Board of Taxicab Commissioners dated January 20, 2005. This index provides a reasonable, but rough, approximation of the costs of operating a taxicab business.

### *FUEL*

According to LADOT, fuel accounts for approximately 13% of the cost of operating a taxicab. To measure the change in fuel costs, we look at the Consumer Price Index (CPI) for Gasoline (All Types) – Los Angeles – Riverside – Orange Counties.

### *REPAIRS AND MAINTENANCE*

Like fuel, the Taxicab Cost Index assumes that repairs and maintenance account for approximately 13% of a taxicab's operating costs. To measure the change in this component, we look at the CPI – Motor Vehicle Maintenance – US City Average.

### *INSURANCE*

The index assumes that insurance costs make up about 6% of the operating costs for a taxicab. Changes can be seen by looking at the CPI – Motor Vehicle Insurance – US City Average.

### *VEHICLES*

The capital costs associated with purchasing vehicles comprise about 5% of the costs of operating a taxicab. Changes in this component can be measured by looking at CPI – Used Cars and Trucks – City Size A.

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### *DISPATCHING COSTS*

Dispatching costs make up about 6% of the operating costs of a taxicab. Changes in this component are measured by looking at the CPI – All Items – Los Angeles – Riverside – Orange Counties.

### *OTHER EXPENSES*

Miscellaneous expenses make up about 2% of the operating costs of a taxicab. Changes in this component are measured by looking at the CPI – All Items – Los Angeles – Riverside – Orange Counties.

### *DRIVER INCOME*

Driver income should comprise about 55% of the operating costs of a taxicab. To examine where driver incomes should be when measured against inflation, the Taxicab Cost Index compares the corresponding increase in manufacturing wages in the local market. Therefore, changes in the Driver Returns component are measured by looking at the U.S. Department of Labor's Index of Average Hourly Earnings – Manufacturing – Los Angeles – Long Beach.

This does not mean that driver incomes have risen by the amount of the index. It means that, to keep pace with their counterparts in the manufacturing sector, driver incomes should have risen by the amount of the index.

### *TAXICAB COST INDEX*

I refer you to pages 5 through 8 of the LADOT January 20, 2005 staff report to the Board of Taxicab Commissioners. There, LADOT staff explain that the Taxicab Cost Index rose by 9.32% between the first five months of 2001 (the baseline for the previous rate increase) and October 2004 (the baseline for the present rate increase). This increase was the primary justification for requesting an increase in taxicab rates in Los Angeles and we base our request to the City of Long Beach on the same analysis.

It is important to note that the Taxicab Cost Index was last computed in October 2004 – before the latest spike in gasoline prices.

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### **PROPOSED NEW RATES**

As stated above, Long Beach Yellow Cab proposes to charge the same rates in Long Beach as those approved by the City of Los Angeles Board of Taxicab Commissioners. Those rates are as follows:

Flag Drop:	\$ 2.20 (first 1/11 of first mile)
Each Additional Mile:	\$ 2.20 (\$.20 each additional 1/11 mile)
Waiting Time, Per Hour:	\$ 24.00 (\$.20 each 30 seconds)

The flag drop is proposed to be increased by \$0.20, an increase of just 10%.

The per mile rate is proposed to be increased by \$0.20, or 10%. The waiting time rate is proposed to remain the same, at \$24.00, an increase of 6.7%.

Although the Los Angeles City Council has not yet acted on the rate increase, we are told that it will be addressed by the Council in May and we anticipate a favorable outcome for the taxicab industry. Due to the current level of gasoline prices and other inflation suffered by our drivers, we respectfully ask that the City act on this request as soon as possible. Our drivers need a rate increase at this time.

### **COMPARISON TO OTHER JURISDICTIONS**

Also as shown in the LADOT staff report, the proposed new rates will leave Long Beach taxicab rates lower than those of San Jose, San Diego, Oakland, San Francisco, Palm Springs and Orange County. Furthermore, several area cities, including Torrance, Redondo Beach, Manhattan Beach, and Hermosa Beach tie their taxicab rates to that of Los Angeles and will be equal to Long Beach as soon as Los Angeles gives its final approval to the new rates.

I look forward to answering any of your questions. Please feel free to contact me at your convenience.

#6

BOARD REPORT  
CITY OF LOS ANGELES  
DEPARTMENT OF TRANSPORTATION

Date: January 20, 2005  
~~December 15, 2004~~

J4G

To: Board of Taxicab Commissioners

Subject: **REQUEST FOR INCREASE IN THE TAXIMETER RATES, CITYRIDE SCRIP AND PER TRIP SURCHARGE ORDINANCE DUE TO POTENTIAL FUTURE INCREASE IN FUEL PRICES**

### SUMMARY

This report includes a recommendation to raise taxicab meter rates to account for cost of living increases since the last rate change which went into effect on September 3, 2001. The recommended rate adjustment would be made effective in two phases over a six month period resulting in an approximate 10.2% taxicab meter rate increase based on the cost of a five-mile trip. This recommended increase considers all Consumer Price Index (CPI) factors which are part of the approved Taxi Cost Index, including the cost of gasoline. Average annual CPI data for the first five months of 2001 (basis for the last rate assessment) is compared to the average changes which have occurred each subsequent year including the first ten months of 2004.

Because of the possibility of even higher average gasoline prices in upcoming months, a separate ordinance for a per trip surcharge is also included in the recommendations. This surcharge would be based on the average monthly gasoline price as documented in the U.S. Bureau of Labor Statistics, Consumer Price Index. The surcharge would only be applied should the average monthly cost of gasoline rise to \$2.73 per gallon or higher. Should gasoline prices continue to increase, the temporary surcharge, as recommended in this report, will provide sufficient taxicab service charges to match the added cost of fuel purchase. The recommended temporary surcharge, if applied, would be eliminated if and when fuel prices fall below the \$2.73 per gallon level so as to avoid imposing any unjustified charges to the public.

Also included in this report is a recommendation for the City Council to increase the number of Cityride transit scrip issued per quarter from 72 each to 78 total to account for the increase cost of taxicab service. A Dial A Ride program rate increase is also proposed.

### RECOMMENDATIONS

The Department recommends that the Board:

1. **FIND** that due to general increases in cost of living factors including gasoline and alternate fuel costs since the last rate increase, that a taximeter rate increase be approved so that taxicab operators can realize the necessary revenue to operate economically and efficiently, and thus continue to provide the necessary service to the riding public;
2. **FIND** that the riding public will be better served by a two phase installment of the total 10.2% rate increase by authorization of an initial approximate 4.2% increase to be followed in six months by a final 5.9% increase; and

3. **APPROVE** that Phase One of the taximeter rates and charges increase as shown below and indicated in attached Board Order No. 033 and draft ordinance are just, reasonable, nondiscriminatory and non-preferential, and shall become effective upon the effective date of the approving ordinance, with rates and charges as follows: *(current rates are shown in parentheses)*
- a. \$2.10 for the first 1/7th mile or 48 seconds or fraction thereof; *(\$2.00 for the first 1/10 mile or 32 seconds)*
  - b. \$0.30 for each additional 1/7th mile or part equivalent to \$2.10 per mile; *(\$0.20 for each additional 1/10 mile equivalent to \$2.00 per mile)*
  - c. \$0.30 for each 48 seconds waiting time and/or traffic delay equivalent to \$22.50/hour; *(\$0.20 for each 32 seconds waiting time and/or traffic delay equivalent to \$22.50/hour)*
  - d. \$38.00 flat fare per trip (group) for taxicab trips between Los Angeles International Airport and Downtown Los Angeles; *(\$38.00 flat fare - no change)*
  - e. \$2.50 surcharge for trips originating at Los Angeles International Airport *(No change)*
4. **APPROVE** that Phase Two of the taximeter rates and charges increase as shown below and indicated in attached Board Order No. 033 and draft ordinance are just, reasonable, nondiscriminatory and non-preferential, and shall become effective 180 days after the effective date of the rates prescribed in item 3 above, with rates and charges as follows: *(current rates are shown in parentheses)*
- a. \$2.20 for the first 1/11th mile or 30 seconds or fraction thereof; *(\$2.00 for the first 1/10 mile or 32 seconds)*
  - b. \$0.20 for each additional 1/11th mile or part equivalent to \$2.20 per mile; *(\$0.20 for each additional 1/10 mile equivalent to \$2.00 per mile)*
  - c. \$0.20 for each 30 seconds waiting time and/or traffic delay equivalent to \$24.00/hour; *(\$0.20 for each 32 seconds waiting time and/or traffic delay equivalent to \$22.50/hour)*
  - d. \$38.00 flat fare per trip (group) for taxicab trips between Los Angeles International Airport and Downtown Los Angeles; *(\$38.00 flat fare - no change)*
  - e. \$2.50 surcharge for trips originating at Los Angeles International Airport *(No change)*
5. **FIND** that due to the possibility of increased gasoline costs in the future, a surcharge per taxicab trip would be necessary on an interim basis should the average price of gasoline in the Los Angeles, Riverside and Orange County areas increase to the monthly average level of \$2.73 per gallon or higher, as indicated by the U.S. Bureau of Labor Statistics, Consumer Price Index - Average Price Data for Gasoline, All Types, Series Number APUA4217471A;
6. **APPROVE** that the taxicab per trip surcharge amounts as shown below and indicated in the attached Board Order No. 034 and draft ordinance are just, reasonable, nondiscriminatory

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and non-preferential, and that such per trip surcharges will only be allowed should the average monthly U. S. Bureau of Labor Statistics, Consumer Price Index - Average Price Data for the Los Angeles, Riverside and Orange County remain at or above the indicated values, as follows:

- a. A \$0.50 surcharge may be added to the regular metered fare for each taxicab trip provided by each Los Angeles taxicab operator, as authorized by the Department of Transportation, should the monthly average gasoline price increase to \$2.73 per gallon or higher as indicated in the U.S. Bureau of Labor Statistics, Consumer Price Index for Gasoline (all types) - Los Angeles/Riverside/Orange County - Series Number APUA4217471A; and
  - b. An additional \$0.50 surcharge may be added to the regular metered fare for each taxicab trip provided by each Los Angeles taxicab operator, as authorized by the Department of Transportation, should the monthly average gasoline price increase to \$3.28 per gallon or higher as indicated in the U.S. Bureau of Labor Statistics, Consumer Price Index for Gasoline (all types) - Los Angeles/Riverside/Orange County - Series Number APUA4217471A.
7. **FIND** that all revenues generated from any authorized surcharge amount shall be flowed through the entity paying for the gasoline consumed in providing the service.
  8. **DIRECT** staff to monitor the Taxi Cost Index and fuel gasoline average price data monthly: Should the average price index for gasoline increase to the surcharge levels described in Recommendation No. 6.a. and 6.b., each operator shall be notified immediately of its authorization to include such a per trip surcharge in its service charges. Should the average price index for gasoline decrease below surcharge levels, each operator shall be notified immediately for the removal of such a per trip surcharge.
  9. **FIND** that upon notification from the Department of Transportation of a surcharge amount, any taxicab operator which applies the surcharge amount shall display a notice in each taxicab, approved in form by the Department, informing the riding public of the surcharge amount and reason for its authorization.
  10. **RESCIND** Board Order No. 011 and 023 and adopt Board Order No. 033 and 034 establishing the above rates to be charged for all taxicab service in the City of Los Angeles.
  11. **DETERMINE** that the Meter Rate Adjustment Factor, as defined in LAMC Section 71.05(b)(2), is at the meter rate adjustment factor of 1.284 for the first 180 days of the effective period of the proposed rate increase (Phase One rates) and shall then be set at 1.357 when the secondary set of rates (Phase Two rates) as specified in Board Order No. 033 become effective by ordinance.
  12. **RECOMMEND** to the Mayor and City Council that they approve two attached draft rate ordinances establishing a) new taximeter rates for taxicab service and b) a per trip surcharge for taxicab service should the average cost of gasoline exceed \$2.72 per gallon in the future.
  13. **DIRECT** the Board's Executive Assistant to forward the two attached draft ordinances to the Mayor and City Council for approval.

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14. **RECOMMEND** to the Mayor and Council that, in coordination with the approval of the recommended taximeter rate increase, that the Department of Transportation be directed to increase the number of Cityride transit scrip per book from 72 to 78 (8.3% increase) to help mitigate the impacts of the taximeter rate increase for Cityride clients.

## DISCUSSION

### Background

Taxicab meter rates were increased in late 1986 to account for cost-of-service escalation including an anticipated major increase in insurance premiums. Although the anticipated insurance premium increases did not occur, the Department, in a 1987 report, recommended maintaining the previously approved 1986 rates, in part, to assist operators in funding the replacement of vehicles which could be no more than five years of age. This rule has since been modified to allow vehicles up to nine years (and in some cases ten years of age) to be maintained in taxicab service. In 1991, a new rate ordinance was approved which maintained the same taximeter rates established 1986, but included a discount for veterans returning from "Desert Storm" military service.

On November 18, 1999, the Board of Taxicab Commissioners approved a taximeter rate increase of approximately 11.7%. This was the first rate increase since 1986 and included a comparison with other jurisdictions, examined cost and inflation factors relative to the Consumer Price Index, and provided taxicab industry reports and statistics. As part of this increase, a Taxi Cost Index (TCI) was established to monitor inflation and cost of living changes in the Consumer Price Index as related to the taxicab industry. Costs and factors such as fuel, vehicle repair, maintenance and depreciation, insurance and driver returns were considered as part of the TCI. Because the price index factors for 1986 were somewhat skewed due to anticipated but non-manifested insurance premiums and vehicle age cost constrictions, 1991 base factors were used in the TCI index as part of the analysis for rate increases recommended in 1999.

On May 18, 2000, the rate increase as recommended by the Board of Taxicab Commissioners in November 1999 went into effect. Although the rates became effective in 2000, they were based, in part, on TCI calculations using average year 1998 as the basis for comparison in future years.

On September 3, 2001, the current taxicab meter rates went into effect (recommended by the Board of Taxicab Commissioners on June 7, 2001). The average CPI index factors for the first five months of 2001 were used as the basis for the rate increase as compared to the 1998 average values. Based largely on the significant increase in fuel costs, the Board and the Transportation Committee of the City of Los Angeles requested an immediate rate review prior to the full year 2001 calendar assessment of CPI index changes. As part of this analysis, an average gasoline fuel cost of \$1.76 per gallon was used, and a total rate increase of 10.3% for a five mile trip was approved (effective Sept 3, 2001).

Also in September 2001, a second ordinance was approved (Ordinance 174131 - currently in effect) which would create a fifty cent (\$0.50) per trip surcharge should the average cost of gasoline (per the Consumer Price Index) reach \$2.22 per gallon in the Los Angeles/Orange County/Riverside area. This surcharge level has been met or exceeded for several months in 2004.

Finally, in July 2003, the City Council approved an increase in the flat rate charge for trips provided to and from the Los Angeles International Airport (LAX) and the downtown area. Staff determined



that the previous rate of thirty dollars (\$30) did not appropriately account for the distance and time traveled for these types of trips. A new flat rate charge of \$38 went into effect on September 1, 2003. Ordinance 175365 (current rate ordinance) includes the revised flat rate charge, but maintained the previously adopted taximeter rate changes approved in 2001.

### Consumer Price Index Factors and the Taxi Cost Index (TCI)

As part of the 1999 recommended taximeter rate report, a Taxi Cost Index (TCI) was created. The TCI is like the Consumer Price Index (CPI) because it measures year-to-year changes in costs. The index measures specific cost items necessary to operate a taxicab, as opposed to the typical goods bought by consumers which are used as a basis for the entire CPI. An advantage of using the TCI is that it is not necessary to know the actual dollar amounts spent or earned by individual taxicab operators. Rather, it is only necessary to know the proportions of particular types of expenses. This is significant because data collected from the Taxicab Industry is not always accurate or complete.

Another advantage of using the Taxi Cost Index is that it is not necessary for staff to track the actual charges for motor fuel, insurance or other costs, because statistics for those items are provided by the U.S. Bureau of Labor Statistics. As noted below, the employment series used for average hourly wages (Driver Returns) was changed in 2003. The Department of Labor changed its reporting classification from the Standard Industrial Classification System (NIC) to the North American Industry Classification System (NAICS). Based on these changes, the series for hourly average wages in Los Angeles-Long Beach Manufacturing is now different with slightly lower values than previously reported. Although the average wages are slightly different, it is the percentage of change from one year to the next that affects the index, not the actual value.

Index components and weighting values as part of the complete Los Angeles Taxi Cost Index (TCI) calculation are provided in Figure 1 below, as follows:

**Figure 1. TCI Index Criteria**

TAXI INDEX	WGT	CONSUMER PRICE INDEX SERIES
Fuel	13%	CPI - Gasoline (All Types) - Los Angeles - Riverside - Orange County - (Series CUUSA421SETB01)
Repairs and Maintenance	13%	CPI - Motor Vehicle Maintenance - US City Average - (Series CUUS0000SETD)
Driver Returns	55%	Average Hourly Earnings - Manufacturing - Los Angeles - Long Beach - (old Series SAU0644803000016) - (New Series SMU06448030000006)
Insurance	6%	CPI - Motor Vehicle Insurance - US City Average - (Series CUUR0000SETE)
Dispatch Returns	6%	CPI - All Items - Los Angeles - Riverside - Orange County - (Series CUUSA421SA0)
Depreciation and Return on Investment	5%	CPI - Used Cars and Trucks - City Size A - (Series CUUSA000SETA02)
Miscellaneous	2%	CPI - All Items - Los Angeles - Riverside - Orange County - (Series CUUSA421SA0)
<b>Total</b>	<b>100%</b>	<b>Review TCI annually. If the index varies by more than 5% annually since most recent adjustment, submit report to the Board.</b>

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As part of the 1999 recommended rate increase, staff was directed to monitor the Taxi Cost Index annually, and if the average annual index varied by more than 5% since its most recent adjustment, to submit a report to the Board regarding the same. It should also be noted that any increase in the TCI index is not meant to be a direct increase in the taxicab meter rates. Many factors must be analyzed when recommending any increase in charges to the public including comparisons to other jurisdictions and potential impacts on social service programs such as Cityride.

Although some vehicle for hire services such as ambulatory and non-ambulatory providers receive annual cost of living rate increases, taxicab meter rates cannot be changed as easily. Often, a change in the meter rate tends to provide a ten to twelve percent increase based on the factors used for per mile and waiting time increments. In addition, every time a taximeter rate is changed, all meters must be reprogrammed, re-certified, inspected and new rate sheets printed both in the taxicabs and at the Los Angeles International Airport.

### Consumer Price Index Changes Since 2001 Including TCI Calculations

Using the average figures for the first five months of 2001 as a base (last rate increase), the following comparisons in the changes for the overall Taxi Cost Index, Consumer Price Index and Price of Gasoline are provided below. Average data movement for full calendar years 2001, 2002, 2003 and the average of the first ten months of calendar year 2004 are provided. Figure 2, below, provides a table of the aforementioned information. Figure 3 provides a chart of gasoline prices, while Figure 4 denotes a chart of the changes in the TCI index from 1998 to present.

Figure 2. TCI Index Changes

INDEX FOR COMPARISON	2001 base value	2001 calendar year average	2002 calendar year average	2003 calendar year average	Jan - Oct 2004 average
Taxi Cost Index	100% baseline	0.64% average annual increase	1.09% ave annual; 1.73% cumulative	4.00% ave annual; 5.73% cumulative	3.59% ave annual; 9.32% cumulative
CPI - All Urban Consumers - All Items - LA/Riverside/OC	176.9 baseline = 100%	0.75% average annual increase	2.78% ave annual; 3.53% cumulative	2.73% ave annual; 6.26% cumulative	3.18% ave annual; 9.44% cumulative
CPI - Average Price Data - Gasoline (All Types) Per Gallon - LA/Riverside/OC	\$1.762/gallon baseline	\$1.681/gallon; -4.60% ave annual change	\$1.596/gallon; -5.06% ave annual change; -9.42% cumulative	\$1.883/gallon; 17.98% ave annual increase; 6.87% cumulative	\$2.178/gallon; 15.67% ave annual increase; 23.61% cumulative

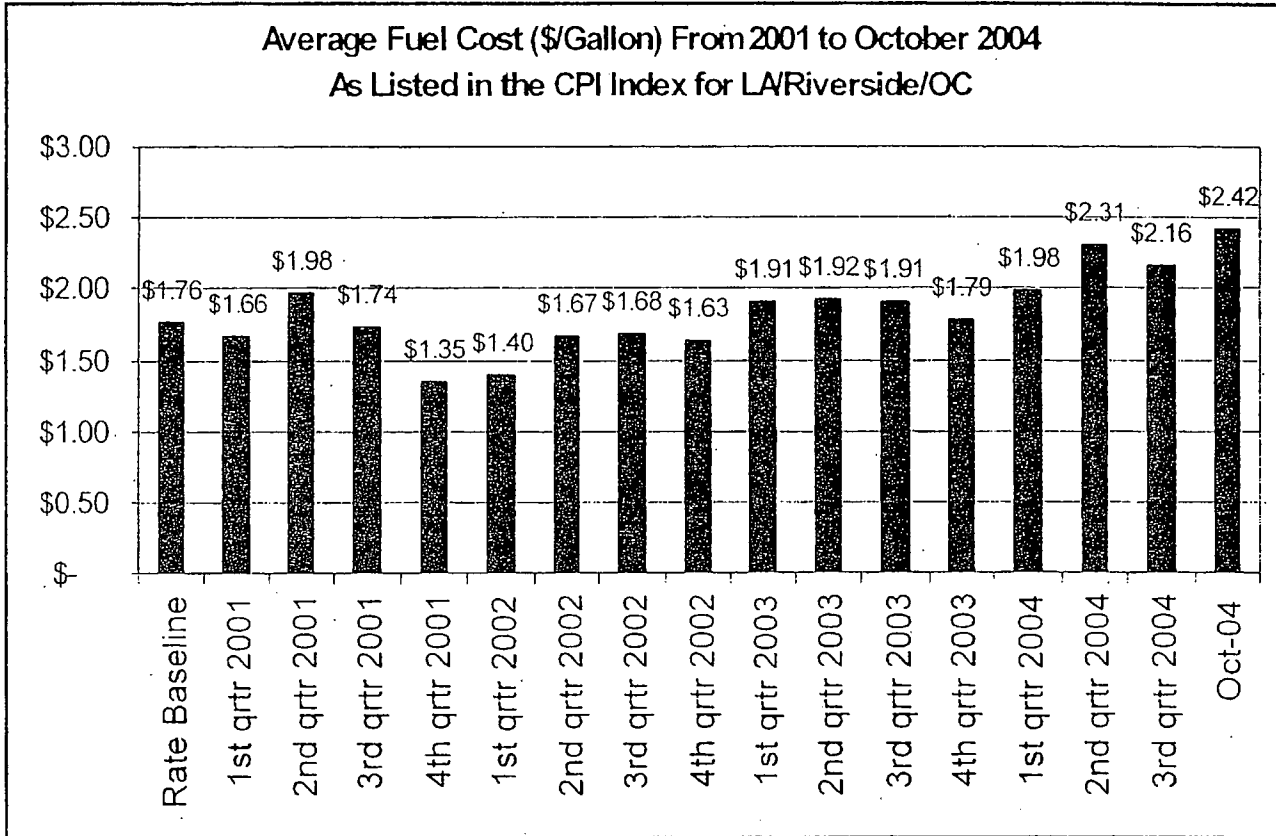
Since the first five months of 2001, the TCI has increased by 0.64% for the remainder of 2001, 1.1% in 2002, 4.0% in 2003, and an additional 3.6% during the first ten month average of 2004. These annual changes have created a total index change of approximately 9.32% since the last taximeter rate assessment. This total TCI index increase correlates to a 9.44% CPI (all items) increase. As discussed previously, the change in the TCI does not represent a direct

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recommendation for change in the taximeter rate, but it is intended to more fairly address the specific costs of doing business which affect the taxicab industry.

Because only 13% of the total TCI index is attributable to fuel price increases, the 24% fuel gas cost increase since 2001 accounts for 39% of the total 9.32% TCI increase. Figure 3 below provides a chart of the average fuel costs for Los Angeles, Riverside and Orange Counties as provided by the Consumer Price Index. Quarterly data is indicated from 2001 through September 2004. Additional data for the month of October 2004 is also provided. The average monthly fuel cost to-date during calendar year 2004 (through October) is \$2.18 per gallon.

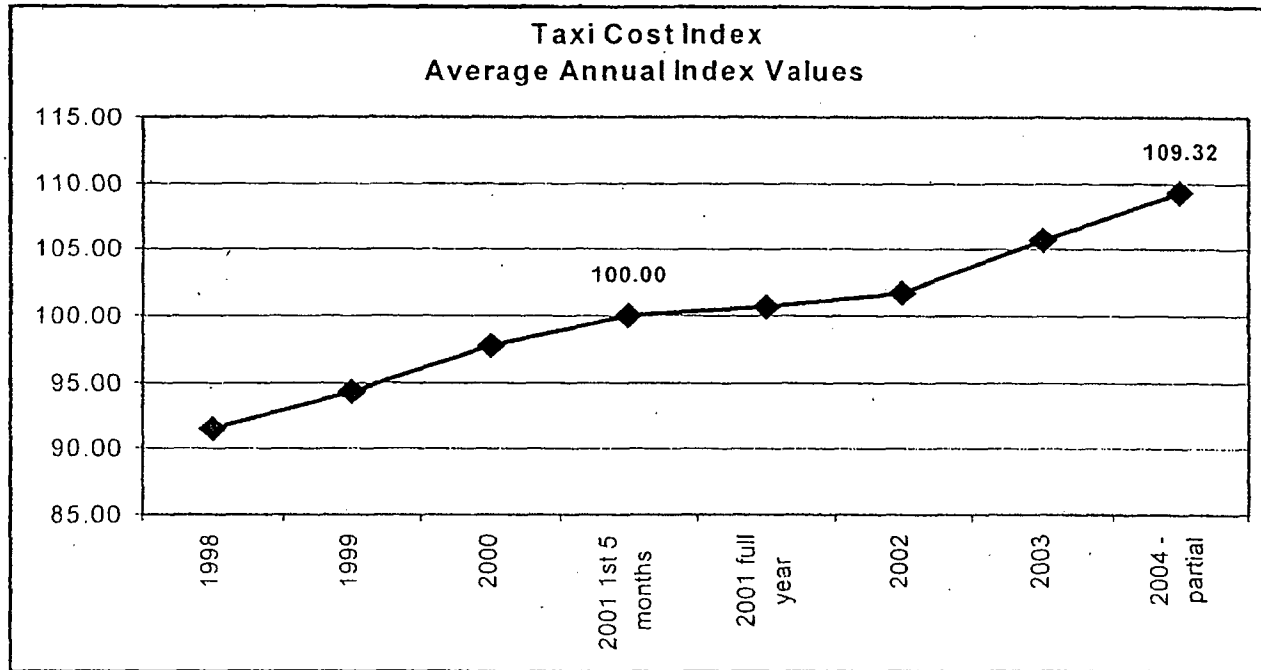
Figure 3. Fuel Cost History



As noted in the Chart for Figure 3 above, the average cost of gasoline has been above the \$1.76 average set as part of the basis for the current taximeter rates since the beginning of 2003. The present average for the first ten months of 2004 is \$2.18 per gallon.

The Taxi Cost Index movement from 1998 to present, with the base value of 100 for partial year 2001 data, is indicated in Figure 4, below. A 9.32% TCI index increase has occurred since the last rate setting process. A slightly higher overall rate increase to a total of 10.2% is recommended in this report. It is also recommended to establish this final rate in two phases, to be completed over a six month period. By the time of final rate level effective date (4<sup>th</sup> quarter of 2005 at the earliest), the increase in inflation levels should be at or above the total 10.2% rate increase recommendation.

Figure 4. TCI Index Trend



### Rate Analysis

A total taximeter rate increase of 10.2% of the base cost of a five-mile trip is recommended in this report to be provided in two installments. This value is based on the total Taxi Cost Index change from 2001 to the ten month average of year 2004 (9.32% change), and the addition of a six month period prior to the final effective date of Phase Two of the rate changes (with added inflation adjustment of approximately 1%). This recommendation also reflects the overall change in the Consumer Price index for all Los Angeles, Riverside and Orange County Items (9.44%) and a comparison of other jurisdictions in California and the nation. By using average annual changes in the Taxi Cost Index rather than simply proposing a rate based on the last month of CPI data, excessive data swings which may not continue (such as present gas costs) are not used inappropriately.

Based on the calculation of individual meter rate components, a 10.2% overall rate increase for a five mile trip provides for the following component changes:

- Flag Drop: The current flag drop is \$2.00 for the first 1/10th mile. An increase is recommended as Phase One of the rate changes to the proposed \$2.10 amount for the first 1/7th of a mile, or an approximate 5.0% increase in Phase One. A final value of \$2.20 for the first 1/11th mile is recommended as Phase Two, leading to an additional 5% increase from existing conditions, and a total 10.0% increase from present levels.
- Distance Charge: The current distance charge is \$0.20 per 1/10th mile or \$2.00 per mile. An increase is recommended as Phase One of the rate changes to the proposed \$0.30 per 1/7th mile, or \$2.10 per mile, equivalent to a 5% increase in Phase One. A final value of \$0.20 per 1/11th mile, or \$2.20 per mile, is recommended as Phase Two, leading to an additional 5% increase, and a total 10.0% increase from present levels.

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- Time/Waiting Charge: The current time/delay charge is \$0.20 per 32 seconds of waiting or \$22.50 per hour. No increase in waiting charges is recommended as part of Phase One of the rate changes although the charges will be equated at \$0.30 per each 48 seconds of waiting (\$22.50 per hour as before). A final value of \$0.20 per 30 seconds of waiting or slow traffic is recommended as Phase Two equivalent to \$24.00 per hour. This change leads to a total 6.7% increase from present levels.
- Airport to Downtown Flat Rate: The current flat rate charge for trips between downtown Los Angeles and LAX is \$38.00. No increase is proposed as part of Phase One or Phase Two of the recommended rate changes. This new rate went into effect in late 2003 and there has been less than a five percent increase in CPI levels from this time. Increasing this flat fare too early may dampen competition for taxicab services as compared to town cars, limousines and shuttle services to and from the Los Angeles International Airport and the downtown area.

Staff believes that these taximeter rate components are necessary based on the fact that the costs involved in conducting taxicab service have greatly increased since 2001, especially when considering the high cost of gasoline in the past year.

Comparison of Current and Proposed Rates:

The following table (Figure 5) shows the comparison between the current and proposed charges for various trip lengths based on the mileage rate only. The charges do not include the waiting/delay rate. The percentage change has also been included for each scenario. It is important to note that the average trip length is approximately six (6.0) miles as documented from service data provided by all Los Angeles operators submitted in past years.

Figure 5. Charge Comparisons

Trip Miles	Current Rate	Phase One	% Increase	Phase Two	% Increase
1	\$3.80	\$3.90	2.63%	\$4.20	10.53%
5	\$11.80	\$12.30	4.24%	\$13.00	10.17%
6 (ave trip)	\$13.80	\$14.40	4.35%	\$15.20	10.14%
10	\$21.80	\$22.80	4.59%	\$24.00	10.09%
20	\$41.80	\$43.80	4.78%	\$46.00	10.05%
30	\$61.80	\$64.80	4.85%	\$68.00	10.03%
40	\$81.80	\$85.80	4.89%	\$90.00	10.02%

Jurisdictional Review

As part of the rate analysis study, major cities within the nation and California were contacted in an effort to document present and proposed rates and surcharges. In addition, the average cost of fuel was also reviewed. On a national basis, the only other California city included in the survey was San Francisco. Similar to Los Angeles, San Francisco authorizes a large number of taxis in service (over 1300) with standard taximeter rates for all service providers. Although San Diego

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County also authorizes a large number of taxicab licenses (over 1100), the rates can vary based on individual operator requests up to a maximum level. Therefore, these average and maximum values are included in the California portion of the study only.

National Taximeter Rate Comparisons:

A total of 29 national cities and jurisdictions were contacted to review present taximeter rates, surcharges and ongoing studies. Of the jurisdictions contacted, six cities are currently investigating rates for potential increase, while seven cities have some type of fuel surcharge currently in place, as follows:

- Austin-Texas, Broward County-Florida, Denver-Colorado, Minneapolis-Minnesota, Orlando-Florida and Seattle-Washington are reviewing rates and surcharges. Seattle has a new rate pending City Council approval;
- Houston-Texas has a \$1.00 surcharge that may be added per trip; Las Vegas-Nevada has a \$0.20 surcharge added to the meter flag drop; Louisville-Kentucky drivers may add 5% to the total charge if average gasoline cost is at or above \$2.00 per gallon; Miami/Dade County-Florida has a \$0.30 per trip surcharge; Minneapolis-Minnesota added a \$0.50 flag drop increase to the existing rates; Portland-Oregon has a \$0.10 per mile surcharge; and Seattle-Washington has a \$0.60 per trip surcharge with new rates pending.

Attachment No. A-1 to this report provides summary information for the current rates and added charges allowed by the various national cities surveyed. Attachments No. A-2 and A-3 include charts which compare the Los Angeles current and proposed rates for distance charge of a five mile trip and the hourly wait/time delay charge to other national metropolitan cities. An average of 1.5 passengers was estimated for the total trip cost. If a jurisdiction had a \$1.00 charge for the second passenger, than a total of \$0.50 (½ passenger) was added to the total estimated cost of a five mile trip.

Distance Charge: As indicated in the attached chart listed as Attachment No. A-2, Los Angeles taximeter rates presently rank in a two way tie for 9<sup>th</sup> highest out of the 29 cities surveyed on a national basis for the distance charge of a five mile trip (at \$11.80). Because many other national cities allow extra charges for additional passengers, luggage and groceries, and night service, the results of this chart may not be truly indicative of the total costs assessed in other jurisdictions.

Based on the proposed taximeter rate increase recommended in this report (see Attachment No. A-2), Los Angeles will become the fourth highest taxicab meter rate for a five mile trip (at \$13) on a national basis among 29 major metropolitan areas surveyed (which does not include other California cities except for San Francisco in the national comparison). It is also important to note that when the rates were increased in 2001, Los Angeles went from 14<sup>th</sup> to fourth in the survey.

Although the fourth highest rate in the nation may appear high, it should be noted that California presently has the highest average cost of gasoline in the nation at \$2.31 per gallon as of the week ending November 21, 2004. Based on the American Automobile Club daily gasoline fuel report, the current cost per gallon for all grades on average in various cities around the country is provided in Figure 6 below, as follows:

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**Figure 6. Average Cost of Gasoline**

San Francisco \$2.37 per gallon	Los Angeles \$2.33 per gallon	Miami \$2.11 per gallon	New York \$2.05 per gallon	Seattle \$2.05 per gallon
Boston \$2.01 per gallon	Chicago \$1.99 per gallon	Denver \$1.93 per gallon	Cleveland \$1.89 per gallon	Houston \$1.86 per gallon

As mentioned briefly, it is also important to reiterate that the proposed new taxi meter rates for Los Angeles do not include significant added charges imposed in other jurisdictions for such things as excess baggage, airport trips, extra passengers, peak travel surcharges, etc. Attachment No. A-1 describes the possible added charges and comparative details on rates and surcharges imposed by the national cities included in the study sample.

Wait and Time Delay Charge: While waiting for a passenger during a metered trip, or when traveling a slow speeds such as traffic delays, a time charge is provided as part of the taximeter rate. Presently, Los Angeles has a \$0.20 per 32 second charge which is equivalent to \$22.50 per hour. The proposed time delay charge is \$0.20 per 30 seconds or \$24.00 per hour. As indicated in Attachment No. A-3, Los Angeles would move in national ranking from a three way tie for the 10<sup>th</sup> highest charge (out of 29 cities) up to five way tie for the 6<sup>th</sup> highest national charge.

California Rate Comparisons:

A total of 12 California cities and jurisdictions were contacted to review present taximeter rates, surcharges and ongoing studies. Of the jurisdictions contacted, four cities are currently investigating rates for potential increase while Burbank will change to Los Angeles rates automatically (per code) and also has a \$0.50 per trip surcharge in place, as follows:

- Beverly Hills, Oakland, Oceanside and West Hollywood are reviewing rates. Beverly Hills and West Hollywood anticipate to increase to Los Angeles current rates at a minimum.

Attachment No. B-1 to this report provides summary information for the current rates and added charges allowed by the various California cities surveyed. Attachments No. B-2 and B-3 include charts which compare the distance charge of a five mile trip and the hourly wait/time delay charge among these cities and Los Angeles.

Distance Charge: As indicated in Attachment No. B-2, Los Angeles taximeter rates presently rank in a four way tie for the 7<sup>th</sup> highest rate out of the 12 cities included in the California survey for the distance charge of a five mile trip (at \$11.80). California cities generally do not authorize additional passenger or night service charges as is often allowed in national cities outside of California.

Based on the proposed taximeter rate increase recommended in this report, Los Angeles will remain part of a two-to-four way tie for the 7<sup>th</sup> highest taxicab meter rate for a five mile trip out of 12 California cities surveyed (at \$13) with Long Beach and the South Bay Cities rate usually matching Los Angeles changes. As indicated in the chart, Los Angeles would provide lower rates than such cities such as San Francisco, San Jose, Oakland, Palm Springs, and 32 cities comprising the Orange County Taxi Administration Program (OCTAP).

Wait and Time Delay Charge: Currently, Los Angeles is ranked in a four way tie for the 6<sup>th</sup> highest waiting charge in California (out of the 12 cities surveyed) at a present value of \$22.50 per hour. At the proposed \$24.00 per hour rate, Los Angeles would rise to a three-to-five way tie for the 5<sup>th</sup>

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highest charge in the state. Cities such as Palm Springs, San Francisco, San Jose and the Orange County cities would remain at higher rates.

### **Fuel Cost Surcharge**

Based on the possibility that fuel gas prices in California and the Los Angeles area may continue to significantly increase, a per trip surcharge has been included in the taximeter rate recommendations and attached ordinances. The purpose of the recommended temporary fuel cost surcharge is to provide more immediate financial relief for taxicab drivers in the event that fuel costs rise significantly in the coming months.

As discussed earlier in the jurisdictional review, authorizing a temporary per trip gasoline surcharge has often been enacted by a number of cities. If the underlying reason for establishing a temporary surcharge persists (such as continued high gasoline prices), the authorizing agency generally incorporates the surcharge into a future taximeter rate increase. Of the California and national cities surveyed, many have already used or are currently using gasoline price induced surcharges. Several cities are once again reviewing data for another potential surcharge authorization based on the continuing increase in fuel costs. Los Angeles currently has an approved \$0.50 per trip surcharge.

Surcharges as an answer to long lasting cost increases tend to be disapproved by the Taxicab Industry because they often result in a reduction in tip amount. Although the requirements for a current \$0.50 per trip surcharge in Los Angeles have been met in recent months, many drivers will still not use this extra charge due to the dissatisfaction level of their customers. This was also corroborated by many of the other cities and jurisdictions contacted. For this reason, it is important that regular rate reviews be conducted to set fair taximeter service charges.

As indicated in the recommendations, two levels of surcharge amounts are proposed. The first level would allow a \$0.50 per trip charge as long as the average monthly gasoline price as listed by the Consumer Price Index remains at \$2.73 per gallon or greater. Should this average level rise to \$3.28 per gallon, the surcharge amount would increase to \$1.00 per trip. Any operator choosing to apply the appropriate surcharge amount when authorized, will be required to post a sign in the cab indicating the amount of surcharge and reason for mandate.

All lease agreements for taxicab service indicate that the taxicab driver is responsible for the cost of fuel necessary in providing taxicab service. Because of this, it is also important that the added income received by any surcharge be directly provided to the vehicle driver. Because the surcharge would be authorized in order to help defray the added cost of gasoline, the bearer of that responsibility is entitled to the benefit. This requirement has been included as recommendation number seven of this report. Should a surcharge be authorized, each operator will be notified of the approval and of their responsibility to maintain at steady levels any lease rates or other charges which could affect the drivers income while any surcharge is in place.

### **Surcharge Calculations:**

What is Covered in the Taximeter Rate. The basic taximeter rate itself is assessed at a level to cover the entire cost of the service provided. This means that although only 43% of the miles driven by Los Angeles taxicab drivers occur while a passenger is in the car, the total fares received cover all costs (e.g., Total gas needed for all miles driven; Vehicle maintenance and repairs necessary based on all miles driven; Vehicle replacement and major component change-out requirements based on all miles driven, etc.)



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What is Covered by the Gasoline Surcharge Figure: In a similar manner, as implemented by other jurisdictions, the gasoline surcharge amount is also assessed on the total gasoline requirement necessary to provide taxicab service, not just for those miles driven when a passenger is in the car. As stated above, Los Angeles has approximately 43% paid miles compared to total miles driven in day to day taxicab service. This correlates well with other cities. In addition, the majority of service is based on phone requests. This means a taxi will be driven without a passenger to a pickup point, and will then often deadhead (travel without a passenger) back to the appropriate service area or next point of service.

Surcharge Assessment: Franchised taxicab operators provide monthly operation statistics including the number and length of trips. This data is very consistent and provides for the base information required to assess the gasoline trip surcharge amount. Based on information received:

- an average of 5.9 miles are driven per each trip provided;
- 43% of the miles driven in a taxicab occur while a passenger is in the vehicle; and
- the average fuel usage of a taxicab (Ford sedan) is approximately 15 miles per gallon.

Based on this data, approximately 13.7 miles are driven in order to service each trip request. During this 13.7 miles, approximately 0.91 gallons of gasoline will be used. By using the average 2004 price of gasoline as referenced in the evaluation of the Taxi Cost Index and meter rate recommendation (\$2.18/gallon), a cost basis per gallon of gasoline can be calculated in order to determine appropriate surcharge figures.

Surcharge levels of \$0.50 and \$1.00 per trip have been recommended. This approach is consistent with many other jurisdictions and also provides an easy calculation for the riding passenger and the taxicab driver. The calculation of fuel gas prices creates a level of \$2.73 and \$3.28 per gallon in order to enact the two recommended per trip surcharge levels, as follows:

**\$0.50 surcharge:**  $\$2.73 \text{ per gallon} - \$2.18 \text{ per gallon} = \$0.55 \text{ per gallon increase.}$   
 $\$0.55 \text{ per gallon increase} \times 0.91 \text{ gallons used} = \underline{\$0.50 \text{ cost incurred per average trip.}}$

**\$1.00 surcharge:**  $\$3.28 \text{ per gallon} - \$2.18 \text{ per gallon} = \$1.10 \text{ per gallon increase.}$   
 $\$1.10 \text{ per gallon increase} \times 0.91 \text{ gallons used} = \underline{\$1.00 \text{ cost incurred per average trip.}}$

Based on these calculations, a per trip surcharge of \$0.50 is recommended should the average cost of gasoline reach and/or stay above \$2.73 per gallon for any monthly average as reported in the Consumer Price Index - Average Price Data. An additional per trip surcharge amount of \$0.50 (total per trip surcharge of \$1.00) is recommended should the average cost of gasoline reach and/or stay above \$3.28 per gallon for any month.

### Flat Fares

Currently, the only authorized flat fare is for trips completed between Los Angeles International Airport (LAX) and Downtown Los Angeles. The current fare rate is \$38.00 plus a \$2.50 surcharge for trips originating from LAX. No change is recommended in the flat rate of \$38. This rate was increased from \$30 to \$38 in late 2003, and the CPI index change has been less than 5% since the 2003 increase. Due to the recent flat rate increase, and in order to maintain competition for taxicab services as compared to shuttle and limousine service to and from the airport, it is not recommended to increase the flat fare rate at this time. The Downtown Los Angeles area is bounded by Alameda Street, the Santa Monica Freeway, Harbor Freeway and Hollywood-Santa Ana Freeway, Chinatown and Union Station.

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### **Fiscal Impact**

Section 71.05(b)(2) of the Los Angeles Municipal Code (LAMC) establishes the procedure for calculating franchise fees to be paid to the City for the privilege to operate taxicabs and the way in which those fees vary with changes in taxicab rates, as follows:

The monthly base fee for each decaled taxicab operated by each taxicab operator shall be \$128.00 multiplied by a service factor of 50% multiplied by a meter rate adjustment factor (MRAF). The MRAF shall be determined by the Board and shall be the ratio of the cost of a five paid-mile trip at the level of rates that may be approved by Board Order from time to time to the cost of a five paid-mile trip at the meter rates in effect at the effective date of this ordinance.

The taxi rate authorized from 1986 to 2000 as specified in Ordinance No. 167,144 established the Meter Rate Adjustment Factor (MRAF) at 1.000 and the cost of a five mile trip at \$9.58. At current meter rates as specified in Ordinance No. 175,365, the cost of a five paid-mile trip increased to \$11.80 and created the present MRAF of 1.232. Under the rates proposed, a five paid-mile trip would cost \$12.30 for a six month period (Phase One rates) and then increase to a final level of \$13.00 for a five mile trip (Phase Two rates). These rates will create new MRAF values of 1.284 and 1.357, respectively.

For the six month period when rates are increased to \$12.30 for a five mile trip, the franchise fee per month (per cab) will increase from \$78.85 to \$82.18, creating a total revenue increase of approximately \$46,000 (over six months using 2,303 vehicles authorized). When the rates are raised to the final level of \$13.00 for a five mile trip, the franchise fee per month (per cab) will increase to \$86.85, creating a total annual revenue increase of approximately \$221,000 per year above existing levels.

### **Alternative Suggestions for Higher Flag Drop Rate or Minimum Fee Per Trip**

Staff investigated the feasibility of instituting a meter rate increase by simply increasing the flag drop rate without changing the distance rate factors. Although it has been suggested in the past that a higher flag drop rate will encourage drivers to provide short trips they might otherwise refuse or try to avoid, staff believes this idea is impractical because it would raise the cost of short trip taxicab service, thus negatively impacting lower income, aged and/or disabled passengers who tend to use taxis for short distance, community based trips. By reviewing and adjusting the entire rate structure based on distance, those who take long distance trips will be properly charged for the service provided. In turn, those taking short trips will not be responsible for the burden imposed on the industry due to high fuel costs.

### **Cityride Program Impacts**

The City of Los Angeles, Department of Transportation administers the City's senior and disabled transportation program titled "Cityride". The Cityride program offers essential, subsidized transportation programs for City residents who are 65 or older and individuals with disabilities. There are currently over 85,000 active, registered clients served by the Cityride program. A registered client is allowed to purchase a book of 72 transit scrip tickets each quarter. The scrip may be used (in any combination) to purchase an MTA monthly senior/disabled bus pass, to pay for taxi rides or to pay for a City-operated dial-a-ride trip.

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~~December 16, 2004~~

Currently, 45 percent of all Cityride scrip is used on taxi service. The City's FY 2004-05 Proposition A Budget for Cityride taxi and bus pass scrip reimbursement is \$13,500,000. The total Cityride program budget is approximately \$21.5 million.

The recommendations contained in this report would result in an approximate 10.2 percent increase in the taximeter rates. Seniors and persons with disabilities rely on the Cityride program, and the effect of this taximeter rate increase on the participants of the Cityride program would be a potential 10 percent decrease in purchasing power if the participant uses taxis exclusively. An eight percent (8%) increase in Cityride transit scrip book from 72 to 78 scrip (each page has six scrip) per quarter would effectively mitigate the impact of the recommended taximeter rate increase for Cityride clients. A similar increase in the Cityride scrip allotment was approved by Council and the Mayor as part of the taximeter rate adjustment on September 3, 2001.

The cost impact to the City of the eight percent increase in Cityride program scrip for each client would be an estimated amount not-to-exceed \$1.02 million per year (6 additional scrip for each of the 170,000 scrip books sold each year). The Department of Transportation anticipates that sufficient funds are provided in the FY 2004-05 and requested FY 2005-06 Proposition A Budget to cover the additional costs for the fiscal year.

Submitted by:

Approved by:

**THOMAS M. DRISCHLER**  
Taxicab Administrator  
Taxicab Regulation Division

**ROBERT ANDALÓN**  
Chief of Franchise Regulation  
and Parking Operations

Attachments (Charts A1, A2, A3, B1, B2 and B3, Board Order No. 033, Draft Taximeter Rate Ordinance, Board Order No. 034, Draft Taximeter Surcharge Ordinance)

B04-124.jb

## TAXICAB METER RATE COMPARISONS - CITIES ACROSS THE NATION FOR 2004

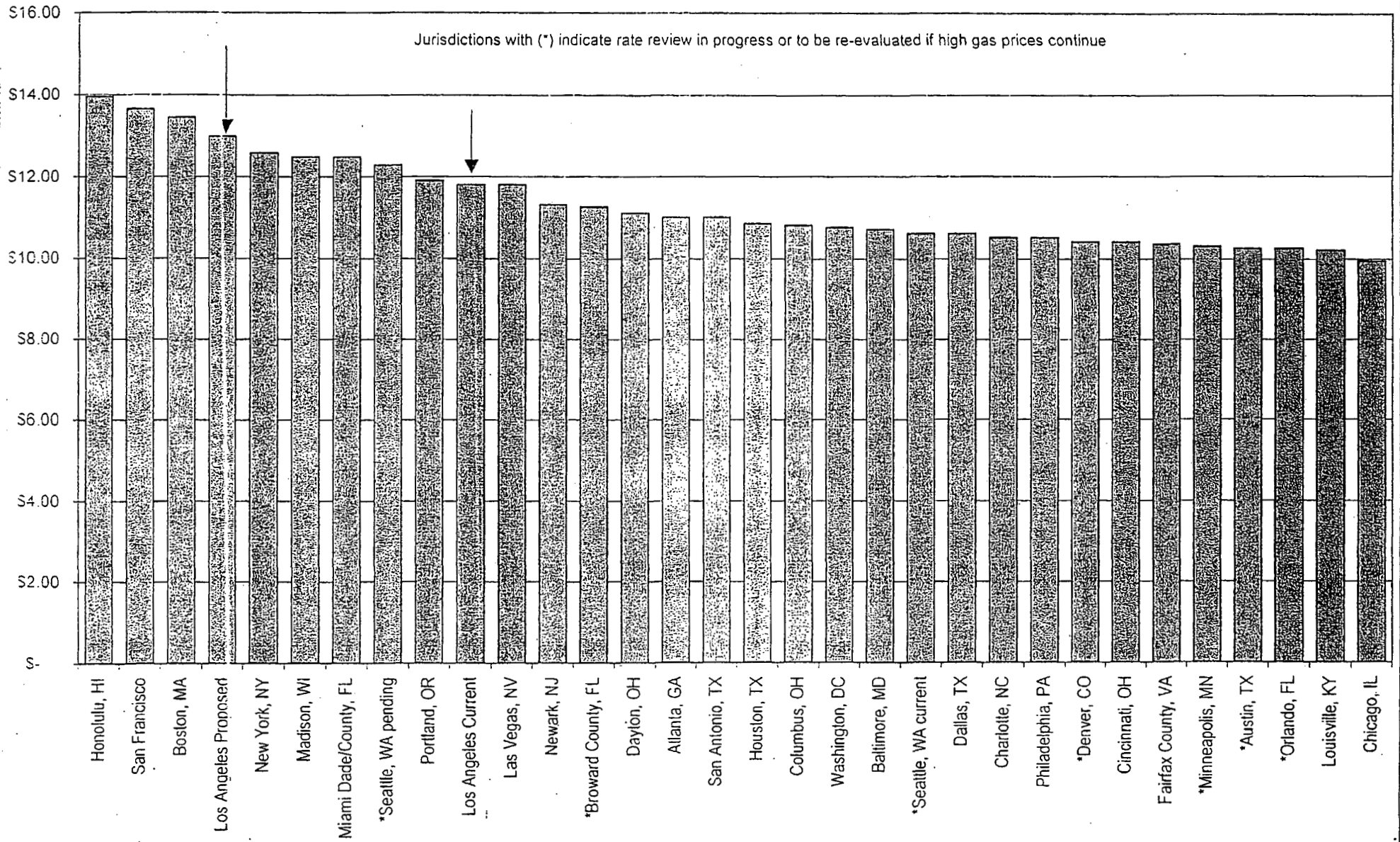
CITY/STATE	FLAG DROP	EACH ADDITIONAL MILE	WAIT AND/OR DELAY TIME	5 mile trip	ADDITIONAL RATES AND NOTES
Atlanta, GA	\$2.00 1st 1/7mi	\$0.25 per 1/7mi (\$1.75/mi)	\$18/hr	\$ 10.50	\$1.00 per additional passenger; \$25-\$35 airport flat fees
*Austin, TX	\$1.75 1st 1/7mi	\$0.25 per 1/7mi (\$1.75/mi)	\$22.50/hr	\$ 10.25	\$1.00 airport surcharge; inv next rate increase
Baltimore, MD	\$2.90 1st 1/8mi	\$0.20 per 1/8mi (\$1.60/mi)	\$24/hr	\$ 10.70	charges for excess baggage and snow emergencies
Boston, MA	\$1.75 1st 1/8mi	\$0.30 per 1/8mi (\$2.40/mi)	\$24/hr	\$ 13.45	\$2.25 airport surcharge; \$6.00 toll fee from airport
*Broward County, FL	\$1.50 1st 1/8mi	\$0.25 per 1/8mi (\$2.00/mi)	\$18/hr	\$ 11.25	early 2004 change - more next year
Charlotte, NC	\$1.80 1st 1/6mi	\$0.30 per 1/6mi (\$1.80/mi)	\$24/hr	\$ 10.50	\$16 airport flat rate; \$2 each passenger after 2
Chicago, IL	\$1.90 1st 1/8mi	\$0.20 per 1/8mi (\$1.60/mi)	\$20/hr	\$ 9.70	\$0.50 added passenger 12 to 65; \$1.00 airport surcharge
Cincinnati, OH	\$2.60 1st 1/8mi	\$0.20 per 1/8mi (\$1.60/mi)	\$18/hr	\$ 10.40	\$2.00 to cross river
Columbus, OH	\$2.00 1st 1/9mi	\$0.40 per 2/9mi (\$1.80/mi)	\$40/hr	\$ 10.80	\$3.00 airport surcharge
Dallas, TX	\$2.00 1st 1/4mi	\$0.40 per 1/4mi (\$1.60/mi)	\$16/hr	\$ 9.60	\$2.00 per extra passenger; \$0.5 airport loading; \$3.60 airport surcharge; \$18 and \$38 airport flat rates
Dayton, OH	\$2.00 1st 1/2mi	\$0.20 per 1/10mi (\$2.00/mi)	\$15/hr	\$ 11.00	\$5.00 minimum; \$0.20 per extra passenger
*Denver, CO	\$1.60 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi)	\$18/hr	\$ 10.40	\$2.50 airport surcharge; some extra passenger/baggage by some operators; surcharge req
Fairfax County, VA	\$2.25 1st 1/4mi	\$0.40 per 1/4mi (\$1.60/mi)	\$18/hr	\$ 9.85	\$1.00 per additional passenger over 12; \$0.25 per package in excess of two per passenger; \$0.50 luggage; \$1.00 trunk
Honolulu, HI	\$2.25 1st 1/8mi	\$0.30 per 1/8mi (\$2.40/mi)	\$24/hr	\$ 13.95	7/1/01; \$0.40 per luggage; large at \$3.75 each
Houston, TX	\$2.50 1st 1/11th	\$0.30 per 2/11mi (\$1.65/mi)	\$18/hr	\$ 10.60	\$1.00 night svc; \$2.75 and \$1.25 airport surcharges; \$1.00 per trip gasoline surcharge
Las Vegas, NV	\$3.00 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi)	\$22/hr	\$ 11.80	\$1.20 airport surcharge and \$0.20 meter drop for fuel is current
Los Angeles Current	\$2.00 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$22.50/hr	\$ 11.80	\$0.50 per trip fuel surcharge is current; reviewing rates and possible surcharges
Los Angeles Proposed	\$2.20 1st 1/11mi	\$0.20 per 1/11mi (\$2.20/mi)	\$24.00/hr	\$13.00	

## TAXICAB METER RATE COMPARISONS - CITIES ACROSS THE NATION FOR 2004

CITY/STATE	FLAG DROP	EACH ADDITIONAL MILE	WAIT AND/OR DELAY TIME	5 mile trip	ADDITIONAL RATES AND NOTES
Louisville, KY	\$3.60 1st mile or less	\$1.65 per added mile measured in 1/4 mi or less divisions	\$18/hr	\$ 10.20	5% surcharge in the taximeter rates when gas cost stays above \$2.00 gallon; several flat rates
Madison, WI	\$2.75 1st 1/8mi	\$0.25 per 1/8mi (\$2.00/mi)	\$30/hr	\$ 12.50	fees for excess baggage; \$0.50 airport toll
Miami Dade/County, FL	\$1.70 1st 1/11mi	\$0.20 per 1/11mi (\$2.20/mi)	\$21/hr	\$ 12.50	\$2.00 airport and seaport surcharge; \$0.30 per trip surcharge which varies monthly based on fuel cost
Minneapolis, MN	\$2.50 1st 1/8mi	\$0.20 per 1/8mi (\$1.60/mi)	\$21/hr	\$ 10.30	up to \$4.00 min charge allowed; includes \$0.50 flag drop caused by gas prices; new rates for 2005 anticipated
Newark, NJ	\$1.55 1st 1/8mi	\$0.25 per 1/8mi (\$2.00/mi)	\$15/hr	\$ 11.30	no additional charges; book of flat rates to other cities
New York, NY	\$2.50 1st 1/5mi	\$0.40 per 1/5mi (\$2.00/mi)	\$12/hr	\$ 12.10	\$0.50 night surcharge; \$1.00 peak weekday; JFK airport to Manhattan at \$45
Orlando, FL	\$2.00 1st 2/7mi	\$0.25 per 1/7mi (\$1.75/mi)	\$22.50/hr	\$ 10.25	\$0.50 airport surcharge; reviewing per trip gas surcharge or new rates
Philadelphia, PA	\$1.80 1st 1/6mi	\$0.30 per 1/6mi (\$1.80/mi)	\$12/hr	\$ 10.50	\$1.50 airport surcharge
Portland, OR	\$2.50 1st 1/18mi	\$0.10 per 1/18mi (\$1.80/mi)	\$30/hr	\$ 11.40	\$1.00 per additional passenger; \$1.50 airport surcharge; \$0.10 per mile gas surcharge
San Antonio, TX	\$1.70 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi)	\$18/hr	\$ 10.50	\$1.00 per additional passenger; \$0.50 airport surcharge
San Francisco	\$2.85 1st 1/5mi	\$0.45 per 1/5mi (\$2.25/mi)	\$27/hr	\$ 13.65	\$2.00 airport surcharge
Seattle, WA current	\$1.80 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi)	\$30/hr	\$ 10.60	\$.50 per third or more passenger except kids; \$0.60 fuel surcharge
Seattle, WA pending	\$2.50 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$30/hr	\$ 12.30	\$.50 per third or more passenger except kids; pending council
Washington, DC	\$2.25 1st 1/6mi	\$0.40 per 1/4mi (\$1.60/mi)	\$18.225/hr	\$ 10.25	\$1.00 per additional passenger; \$0.50 for more than 1 piece luggage; flat rates downtown

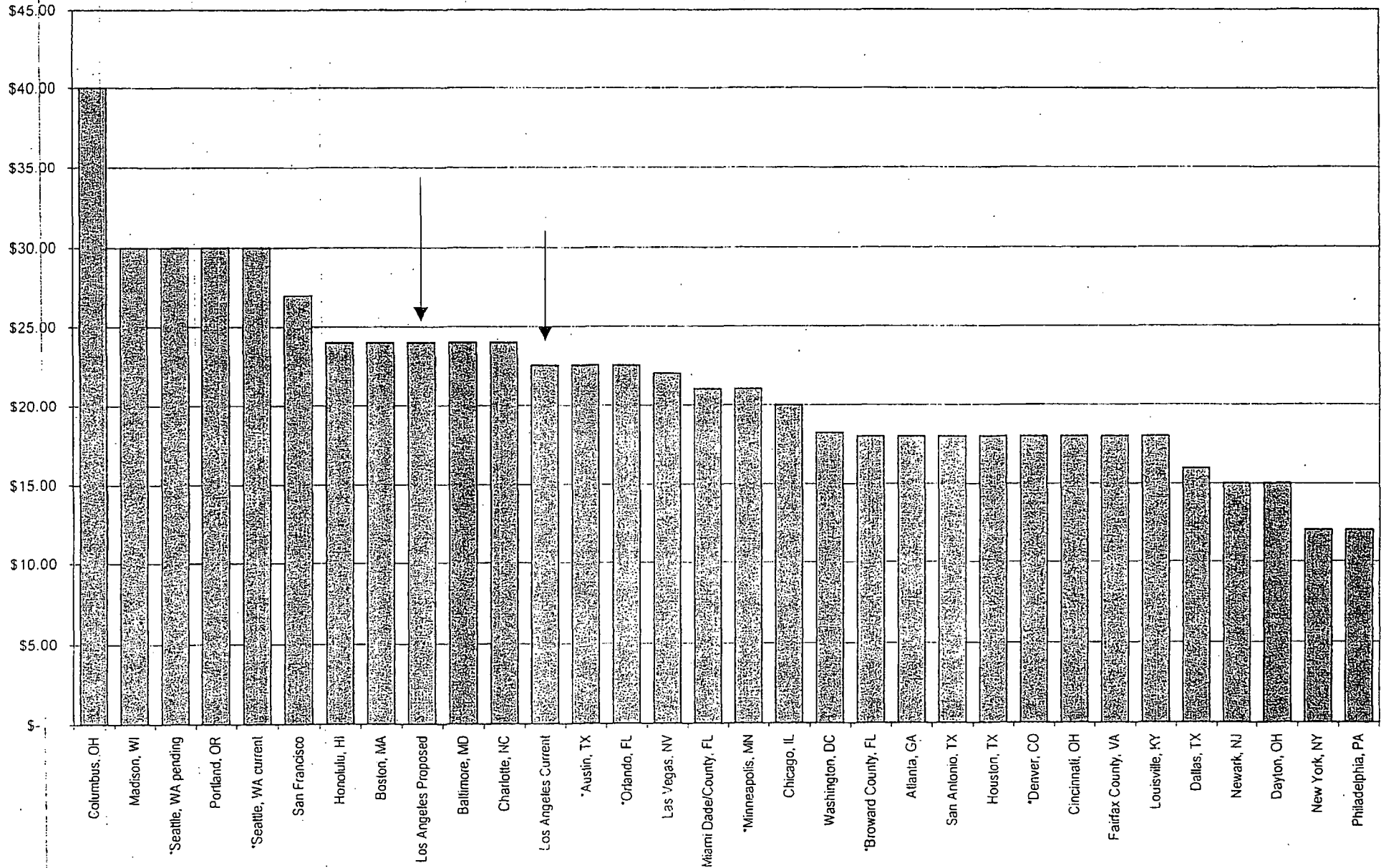
# DISTANCE CHARGE FOR A FIVE MILE TRIP

## Comparison with Cities Nation-Wide (2004)



# WAITING CHARGE FOR ONE HOUR

## Comparison with Cities Nation-Wide (2004)



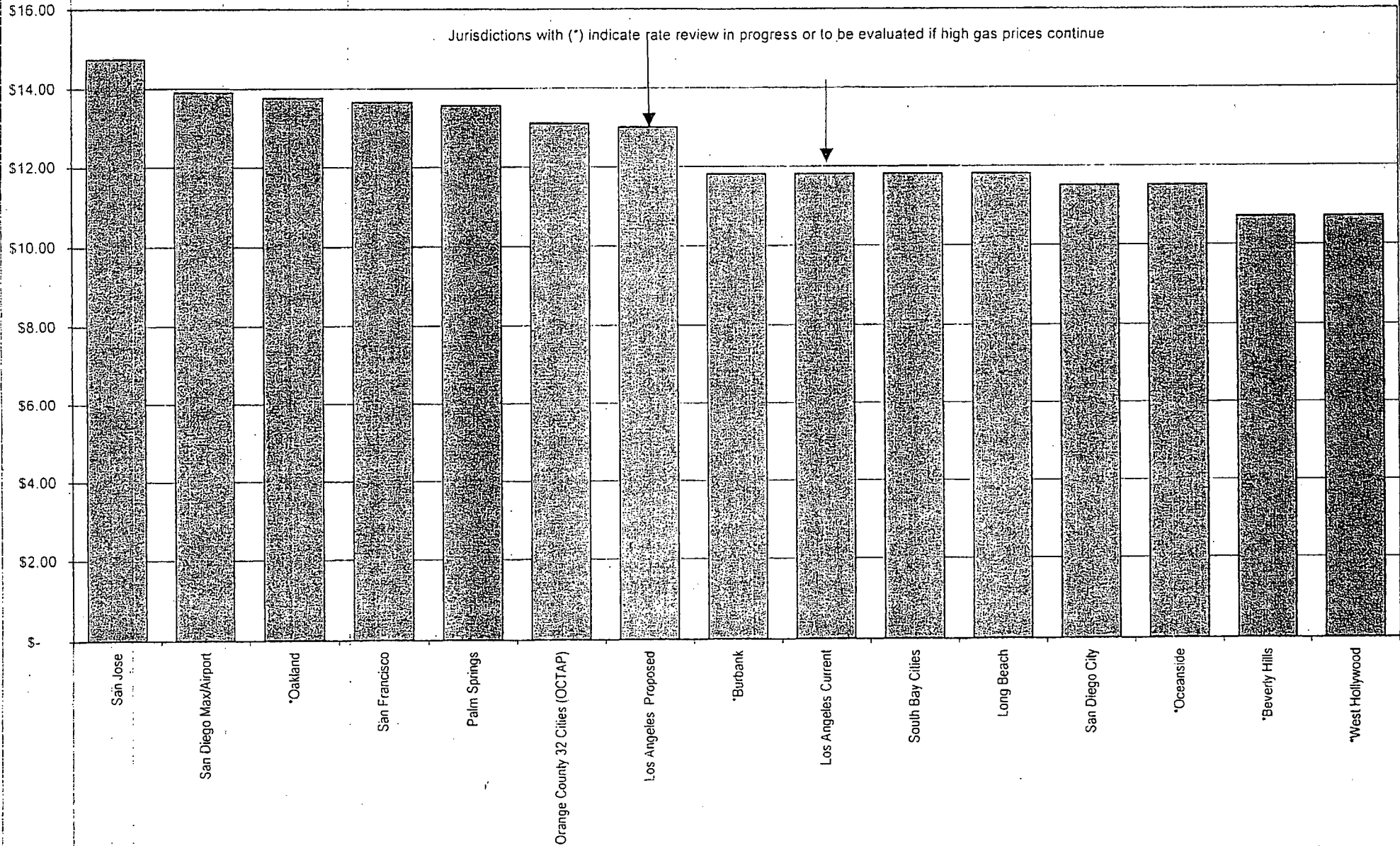


## TAXICAB METER RATE COMPARISONS - CITIES IN CALIFORNIA FOR 2001

CITY/STATE	FLAG DROP	EACH ADDITIONAL MILE	WAIT AND/OR DELAY TIME	5 mile TTP	ADDITIONAL RATES AND NOTES
Beverly Hills	\$1.90 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi)	\$20/hr	\$ 10.70	may change to current LA rates
Burbank	\$2.00 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$22.50/hr	\$ 11.80	changes to Los Angeles rates; \$0.50 per trip gasoline surcharge in place
Long Beach	\$2.00 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$22.50/hr	\$ 11.80	usually follows Los Angeles Rates
Los Angeles Current	\$2.00 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$22.50/hr	\$ 11.80	\$0.50 per trip gasoline surcharge in place
Los Angeles Proposed	\$2.20 1st 1/11mi	\$0.20 per 1/11mi (\$2.20/mi)	\$24/hr	\$ 13.00	proposed rates
Oakland	\$2.00 per 1/10mi	\$0.24 per 1/10mi (\$2.40/mi)	\$24/hr	\$ 13.76	gas surcharge under review
Oceanside	\$1.70 per 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$16/hr	\$ 11.50	new rates under review
Orange County OCTAP	\$2.30 1st 1/5mi	\$0.45 per 1/5mi (\$2.25/mi)	\$26/hr	\$ 13.10	
Palm Springs	\$2.25 1st 1/8mi	\$0.29 per 1/8mi (\$2.32/mi)	\$35/hr	\$ 13.56	these rates are pending for next month
San Diego Max/Airport	\$2.10 1st 1/12mi	\$0.20 per 1/12mi (\$2.40/mi)	\$20/hr	\$ 13.90	6/17/2003
San Diego City	\$1.70 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$16/hr	\$ 11.50	
San Francisco	\$2.85 1st 1/5mi	\$0.45 per 1/5mi (\$2.25/mi)	\$27/hr	\$ 13.65	\$2.00 airport surcharge
San Jose	\$2.50 1st 1/10mi	\$0.25 per 1/10mi (\$2.50/mi)	\$25/hr	\$ 14.75	\$1.50 airport surcharge
South Bay Cities	\$2.00 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$22.50/hr	\$ 11.80	usually follows Los Angeles Rates
West Hollywood	\$1.90 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi)	\$20/hr	\$ 10.70	may change to current LA rates



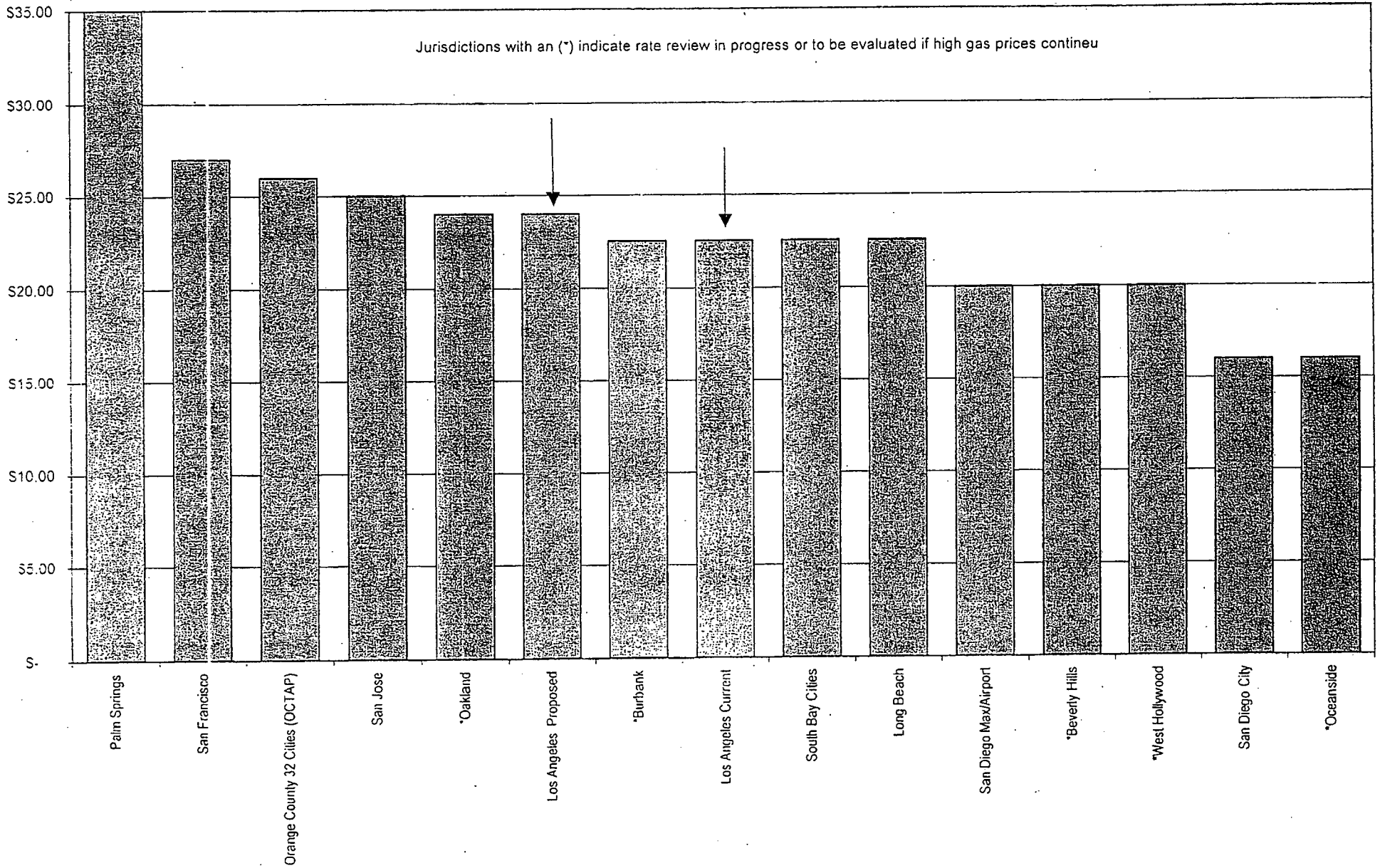
# DISTANCE CHARGE FOR A FIVE MILE TRIP Comparison with California Cities (2004)



# WAITING CHARGE FOR ONE HOUR

## Comparison with California Cities (2004)

Jurisdictions with an (\*) indicate rate review in progress or to be evaluated if high gas prices continue



BOARD ORDER NO. 033  
RESOLUTION OF THE  
BOARD OF TAXICAB COMMISSIONERS  
CITY OF LOS ANGELES

**WHEREAS**, the associated costs necessary to provide taxicab services in the City of Los Angeles have increased substantially since the last taximeter rate increase as indicated in the Taxi Cost Index, and in particular, the cost of gasoline; and

**WHEREAS**, after considering evidence presented at a public hearing, together with the Department recommendation, the Board has determined that an increase in taxicab rates is justified; and

**WHEREAS**, because the price of gasoline has increased significantly, it is necessary to provide for this much needed rate increase as soon as possible so that taxicab operators can realize the necessary revenue to operate economically and efficiently and thus continue to provide the necessary service to the riding public; and

**WHEREAS**, the Board has determined that it will be in the best interest of the riding public to provide the total rate increase in two phases, with the second portion of the rate increase to become effective in 180 days after the effective date of the first increase; and

**WHEREAS**, the Board has found and determined that the following rates and charges included in Phase One and Phase Two of the total taximeter increase are fair, reasonable, non-discriminatory and non-preferential for all companies;

**THEREFORE, BE IT RESOLVED**, that Board Order No. 023 establishing taxicab rates and charges is hereby rescinded;

**BE IT FURTHER RESOLVED**, that the following rate schedule and conditions listed in sub-items (a) through (n) are hereby fixed and established as the legal rates to be charged by all taxicab operators in the City of Los Angeles. Phase Two charges as listed in sub-items (a) through (c) shall become effective 180 days after Phase One rates are approved and in effect:

- a. Phase One - \$2.10 for the first one-seventh (1/7th) mile or 48 seconds or fraction thereof.  
Phase Two - \$2.20 for the first one-eleventh (1/11th) mile or 30 seconds or fraction thereof.
- b. Phase One - \$0.30 for each additional 1/7 mile or part (\$2.10 per mile).  
Phase Two - \$0.20 for each additional 1/11 mile or part (\$2.20 per mile).
- c. Phase One - \$0.30 for each 48 seconds waiting time and/or traffic delay (\$22.50 per hour waiting).  
Phase Two - \$0.20 for each 30 seconds waiting time and/or traffic delay (\$24.00 per hour waiting).
- d. \$38.00 flat fare per trip (group) for taxicab trips between Los Angeles International Airport and Downtown Los Angeles.

- e. \$2.50 surcharge for trips originating at Los Angeles International Airport.
- f. Any franchised taxicab operator may offer a special senior citizen taxicab rate by providing up to 10% discount on scrip sold to senior citizens. Senior citizens are those males and females 62 years of age or more. The taxicab operator shall file with the Board the conditions under which the senior citizen rate will apply. The conditions shall become effective after being filed with the Department subject to any modifications or restrictions the Department may impose.
- g. The provisions of Board Order No. 329 as they apply to discounts for disabled or blind persons shall continue to be in full force.
- h. "Los Angeles International Airport" as used in this Board Order means passenger terminals number 1 through 7 and Imperial Passenger Terminal. "Downtown Los Angeles" as used in this Board Order means the area bounded by Cesar Chavez Avenue to the North, Alameda Street to the East, Santa Monica (10) Freeway to the South, Harbor Freeway (110) to the West plus Union Station and Chinatown.
- i. The driver shall choose the route and the passenger may not designate any intermediate stops for the flat fare to be effective.
- j. All franchised taxicab operators shall file with the Department not later than 45 days after the end of each period, monthly statistical data to include the following: meter receipts, number of trips, number of paid and total miles, number of shifts operated, and number of telephone orders received. The taxicab operator shall also file with the Department annual audited financial statements (i.e., balance sheet and income statements) from a certified public accountant as the end of its fiscal year, together with such reports as the Board may require from time to time.
- k. Any franchised taxicab operator failing to provide the above financial and statistical reports within the 45 day period shall, after a public hearing before this Board, be subject to having its franchise suspended on a day to day basis until the reports have been filed with the Board.
- l. Each taxicab operated in the City of Los Angeles by any franchised taxicab operator shall not be equipped with any taximeter containing any unauthorized rate or extra charges which can facilitate the perpetration of a fraud.
- m. The Board of Taxicab Commissioners shall have the authority, hereinafter, upon a hearing to establish and prescribe by Board Order special discounts in the taxicab fare for specified types of taxicab trips along with the conditions under which the discounts may voluntarily be offered by any franchised taxicab operator. The Board shall not approve a discount for a period that exceeds 180 days. The Board Order approved by the Board establishing a discount shall be effective on final publication of the Board Order and without subsequent ratification by the City Council. Any discount that is to be in effect for more than 180 days shall be approved by the City Council.
- n. Any person, firm, or corporation violating any of the provisions of said resolution shall be guilty of a misdemeanor and upon conviction thereof shall be punishable by a fine of not more than \$1,000.00, by imprisonment in the County Jail for a period not to exceed 180 days, or by both such fine and imprisonment

I CERTIFY THAT the foregoing Resolution, designated as Board Order No. 033, was adopted by the Board of Taxicab Commissioners at its meeting held on December 16, 2004.

Dated at Los Angeles, California this 16<sup>th</sup> day of December 2004

By Order of the Board

ATTEST: \_\_\_\_\_

Gregory Clark, Commission Executive Assistant  
Board of Taxicab Commissioners  
City of Los Angeles

B04-124a.jb

**ORDINANCE NO. \_\_\_\_\_**

An ordinance enacting a resolution of the Board of Taxicab Commissioners of the City of Los Angeles, adopted December 16, 2004, designated as Board Order No. 033, fixing the rates and charges for taxicab service in the City of Los Angeles.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. The resolution of the Board of Taxicab Commissioners designated as Board Order 023 and Ordinance No. 175,365 approving the resolution are each repealed. The resolution of the Board of Taxicab Commissioners, adopted on December 16, 2004, designated as Board Order No. 033, establishing and prescribing the legal rates to be charged by all taxicab operators is approved. Sub-items (a) through (c) include two phases of the taximeter rate increase. Phase One of the meter rate changes shall become effective on the approving ordinance effective date, while Phase Two meter rate changes shall become effective in 180 days following ordinance effective date, as follows:

- a. Phase One - \$2.10 first 1/7 mile or 48 seconds or fraction.  
Phase Two - \$2.20 first 1/11 mile or 30 seconds or fraction.
- b. Phase One - \$0.30 for each additional 1/7 mile or part (\$2.10 per mile).  
Phase Two - \$0.20 for each additional 1/11 mile or part (\$2.20 per mile).
- c. Phase One - \$0.30 for each 48 seconds waiting time and/or traffic delay (\$22.50 per hour).  
Phase Two - \$0.20 for each 30 seconds waiting time and/or traffic delay (\$24.00 per hour).
- d. \$38.00 flat fare per trip (group) for taxicab trips between Los Angeles International Airport and Downtown Los Angeles.
- e. \$2.50 surcharge for trips originating at Los Angeles International Airport.

Sec. 2. Any franchised taxicab operator may offer a special senior citizen taxicab rate by providing up to 10% discount on scrip sold to senior citizens. Senior citizens are those males and females 62 years of age or more. The taxicab operator shall file with the Board the conditions under which the senior citizen rate will apply. The conditions shall become effective after being filed with the Department subject to any modifications or restrictions the Department may impose.

Sec. 3. The provisions of Board Order No. 329 and Ordinance No. 151,270 as they apply to discounts for disabled or blind persons shall continue to be in effect.

Sec. 4. "Los Angeles International Airport" as used in this ordinance means passenger terminals number 1 through 7 and Imperial Passenger Terminal. "Downtown Los Angeles" as used in this ordinance means the area bounded by Cesar Chavez Avenue to the North, Alameda Street to the East, Santa Monica (10) Freeway to the South, Harbor Freeway (110) to the West plus Union Station and Chinatown.

Sec. 5. The driver shall choose the route and the passenger may not designate any intermediate stops for the flat fare to be effective.

Sec. 6. All franchised taxicab operators shall file with the Department not later than 45 days after the end of each period, monthly statistical data to include the following: meter receipts, number of trips, number of paid and total miles, number of shifts operated, and number of telephone orders received. The taxicab operator shall also file with the Department annual audited financial statements (i.e., balance sheet and income statements) from a certified public accountant as the end of its fiscal year, together with any reports as the Board may require from time to time.

Sec. 7. Any franchised taxicab operator failing to provide the above financial and statistical reports within the 45 day period shall, after a public hearing before this Board, be subject to having its franchise suspended on a day to day basis until the reports have been filed with the Board.

Sec. 8. Each taxicab operated in the City of Los Angeles by any franchised taxicab operator shall not be equipped with any taximeter containing any unauthorized rate or extra charges which can facilitate the perpetration of a fraud.

Sec. 9. The Board of Taxicab Commissioners shall have the authority, hereinafter, upon a hearing to establish and prescribe by Board Order special discounts in the taxicab fare for specified types of taxicab trips along with the conditions under which the discounts may voluntarily be offered by any franchised taxicab operator. The Board shall not approve a discount for a period that exceeds 180 days. The Board Order approved by the Board establishing a discount shall be effective on final publication of the Board Order and without subsequent ratification by the City Council. Any discount that is to be in effect for more than 180 days shall be approved by the City Council.

Sec. 10. Any person, firm, or corporation violating any of the provisions of the resolution shall be guilty of a misdemeanor and upon conviction shall be punishable by a fine of not more than \$1,000.00, by imprisonment in the County Jail for a period not to exceed 180 days, or by both a fine and imprisonment.

Sec. 11. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located in the Main Street lobby to the City Hall; one copy on the bulletin board located at the ground level at the Los Angeles Street entrance to the Los Angeles Police Department; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles at its meeting of \_\_\_\_\_.

FRANK T. MARTINEZ, City Clerk,

By \_\_\_\_\_  
Deputy

Approved \_\_\_\_\_

\_\_\_\_\_  
Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By \_\_\_\_\_  
SHELLEY I. SMITH  
Assistant City Attorney

Date: \_\_\_\_\_

File No. \_\_\_\_\_

B04-124b.jb.wpd



**BOARD ORDER NO. 034  
RESOLUTION OF THE  
BOARD OF TAXICAB COMMISSIONERS  
CITY OF LOS ANGELES**

**WHEREAS**, the associated costs necessary to provide taxicab services in the City of Los Angeles have increased substantially in the year 2004 due to increased gasoline prices, and that the cost of gasoline may continue to increase in upcoming months; and

**WHEREAS**, after considering evidence presented at a public hearing, together with the Department recommendation, the Board has determined that an added per trip surcharge fare above any authorized taximeter rate should be provided to offset potential increases in fuel costs; and

**WHEREAS**, the Board has found and determined that the following surcharge amounts indicated are just, fair, reasonable, non-discriminatory and non-preferential for all companies, and that such per trip surcharge amounts will only be allowed and remain in effect should the average monthly U. S. Bureau of Labor Statistics, Consumer Price Index - Average Price Data for the Los Angeles, Riverside and Orange County areas remain at or above specific fuel cost levels indicated;

**NOW, THEREFORE, BE IT RESOLVED**, that the following surcharge amounts are to be established for each Los Angeles taxicab operator, as follows:

- a. A \$0.50 surcharge may be added to the regular metered fare for each taxicab trip provided by each Los Angeles taxicab operator, as authorized by the Department of Transportation, should the monthly average gasoline price increase to \$2.73 per gallon or higher as indicated in the U.S. Bureau of Labor Statistics, Consumer Price Index for Gasoline (all types) - Los Angeles/Riverside/Orange County - Series Number APUA4217471A; and
- b. An additional \$0.50 surcharge may be added to the regular metered fare for each taxicab trip provided by each Los Angeles taxicab operator, as authorized by the Department of Transportation, should the monthly average gasoline price increase to \$3.28 per gallon or higher as indicated in the U.S. Bureau of Labor Statistics, Consumer Price Index for Gasoline (all types) - Los Angeles/Riverside/Orange County - Series Number APUA4217471A.

**BE IT FURTHER RESOLVED** that the Department of Transportation shall monitor the Taxi Cost Index and fuel gasoline average price data monthly. Should the average price index for gasoline increase to the surcharge levels described herein, each Los Angeles franchised operator shall be notified immediately of its authorization to include such a per trip surcharge in the taxicab fare. Should the average price index for gasoline decrease below surcharge levels, each Los Angeles franchised operator shall be notified immediately for the removal of such per trip surcharge; and

**BE IT FURTHER RESOLVED** that, upon notification from the Department of Transportation of a surcharge amount, any taxicab operator which applies the surcharge amount shall first display a notice in each taxicab, approved in form by the Department, informing the riding public of the surcharge amount and reason for its authorization.

I CERTIFY THAT the foregoing Resolution, designated as Board Order No. 034, was adopted by the Board of Taxicab Commissioners at its meeting held on December 16, 2004.

Dated at Los Angeles, California this 16<sup>th</sup> day of December 2004.

By Order of the Board

ATTEST: \_\_\_\_\_

Gregory C. Clark, Commission Executive Assistant  
Board of Taxicab Commissioners  
City of Los Angeles

B04-124c.wpd

**ORDINANCE NO. \_\_\_\_\_**

An ordinance enacting a resolution of the Board of Taxicab Commissioners of the City of Los Angeles, adopted December 16, 2004, designated as Board Order No. 034, fixing the rates and charges for taxicab service in the City of Los Angeles.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. The resolution of the of the Board of Taxicab Commissioners designated as Board Order No. 011 and Ordinance No. 174131 approving the resolution are each repealed. The resolution of the Board of Taxicab Commissioners, adopted on December 16, 2004, designated as Board Order No. 034, establishing and prescribing taxicab trip surcharge amounts in addition to the taximeter rate to be charged by all taxicab companies, with such surcharge amount to be based on the average monthly cost of gasoline as reported in the U. S. Bureau of Labor Statistics, Consumer Price Index - Average Price Data for the Los Angeles, Riverside and Orange County areas be, and the same is approved, providing as follows:

- a. A \$0.50 surcharge may be added to the regular metered fare for each taxicab trip provided by each Los Angeles taxicab operator, as authorized by the Department of Transportation, should the monthly average gasoline price increase to \$2.73 per gallon or higher as indicated in the U.S. Bureau of Labor Statistics, Consumer Price Index for Gasoline (all types) - Los Angeles/Riverside/Orange County - Series Number APUA4217471A; and
- b. An additional \$0.50 surcharge may be added to the regular metered fare for each taxicab trip provided by each Los Angeles taxicab operator, as authorized by the Department of Transportation, should the monthly average gasoline price increase to \$3.28 per gallon or higher as indicated in the U.S. Bureau of Labor Statistics, Consumer Price Index for Gasoline (all types) - Los Angeles/Riverside/Orange County - Series Number APUA4217471A.

Sec. 2. Any authorized surcharge amount shall only remain in effect as long as the monthly reported Consumer Price Index - Average Price Data for gasoline remains within the indicated levels specified in Section 1, herein.

Sec. 3. The Department of Transportation shall monitor the average Consumer Price Index - Average Price Data for gasoline monthly. Should the average price data index for gasoline increase to the surcharge levels described herein, each Los Angeles franchised operator shall be notified immediately of its authorization to include such a per trip surcharge in the taxicab fare. Should the average price data index for gasoline decrease below surcharge levels, each Los Angeles franchised operator shall be notified immediately for the removal of such per trip surcharge amounts.

Sec. 4. Upon notification from the Department of Transportation of a surcharge amount, any taxicab operator which applies the surcharge amount shall first display a notice in each taxicab, approved in form by the Department, informing the riding public of the surcharge amount and the reason for its authorization.

Sec. 5. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located in the Main Street lobby to the City Hall; one copy on the bulletin board located at the ground level at the Los Angeles Street entrance to the Los Angeles Police Department; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles at its meeting of \_\_\_\_\_.

FRANK T. MARTINEZ, City Clerk,

By \_\_\_\_\_  
Deputy

Approved \_\_\_\_\_

\_\_\_\_\_  
Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By \_\_\_\_\_  
SHELLEY I. SMITH  
Assistant City Attorney

Date: \_\_\_\_\_

File No. \_\_\_\_\_

B04-124d.jb.wpd