

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

H-2

333 West Ocean Blvd • Long Beach, California 90802

July 23, 2013

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; the Taxicab, Auto-for-Hire Inspection process; 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 beginning in October 2002, the City Manager conduct an investigation into the public convenience and necessity regarding taxicab service not less than once every two years. Based on the findings, the City Manager will recommend that the period for filing of applications should be opened or remain closed. The time period for the filing of applications shall remain closed if it is determined by the City Council that the number of authorized taxicabs is sufficient for the needs of the City.

City staff conducted an investigation into the public convenience and necessity regarding taxicab service (Attachment A). The investigation finds that Long Beach Yellow Cab is providing satisfactory service to both resident and non-resident taxicab customers, and that the number of taxicabs authorized to operate in the City will be sufficient. The recommendation is that the period for filing of taxicab applications remains closed.

Long Beach Yellow Cab Co-Operative, Inc., submitted a report, which cites factors that helped with the evaluation of public convenience and necessity. Although Long Beach Yellow Cab Co-Operative, Inc., is authorized to operate 175 vehicles, only 155 vehicles were operating in 2011, and 157 vehicles were operating in 2012. Due to a stronger economy, the number of taxicabs operating in Long Beach will increase from 157 to 162 vehicles in 2013.

The investigation into public convenience and necessity of taxicab service in Long Beach conducted by City staff included three steps of review. First, a taxicab customer service survey was done in December 2012 to determine the quality of taxicab service provided in the City. The survey was distributed by email, and in person, to employees/businesses who are responsible for contacting taxicabs for their customers at various hubs in the City, to determine if the taxicabs had a clean and professional appearance. Second, members of the Department of Financial Management, Fleet Services Bureau, attended

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the annual Taxicab, Auto-for-Hire Inspection process on January 29, 30, and 31, 2013, performed on 162 Long Beach Yellow Cab vehicles at their facility in Gardena, CA. During these three days of inspections, two vehicles did not pass the first round of inspections, at which point they were required to be re-inspected by Fleet Services in order to be compliant. Both vehicles were later re-inspected; the deficiencies were remedied, and the vehicles passed the final inspection. As a result, all 162 vehicles were compliant with the requirements of the inspection process. Third, a staff report was provided by City staff to check for valid taxi driver regulatory permits and to verify the posting of a required sign with a customer service phone number for inquiries and complaints for the City of Long Beach.

In an effort to improve service delivery, Long Beach Yellow Cab completed the installation of the Taxi Magic Passenger Information Monitors (PIM) in the back seat of all 162 taxicabs to provide passengers with a convenient and secure way to pay for the taxicab ride using a credit card at the conclusion of their trip. The PIM devices also serve as an informative and entertaining tool displaying customized messages and a high definition interactive screen. Long Beach Yellow Cab is the first taxicab fleet in Southern California to have implemented this technological enhancement.

SUSTAINABILITY

Long Beach Yellow Cab is continuing to support efforts to promote environmentally sensitive business and lifestyle practices. In supporting these practices, the Yellow Cab Co-Operative, Inc., partnered with the City and adopted a "Green Taxicab" program that requires owner-drivers to replace their existing taxicabs with compressed natural gas (CNG) or hybrid-powered vehicles. Although they have not been immune to the effect of the country's economic crisis, they have maintained their commitment to greening their taxicab fleet.

Long Beach Yellow Cab's fleet of 162 vehicles includes 15 wheelchair accessible minivans and 28 gasoline-powered minivans. Prior agreements stipulate that all minivans can only make up 25 percent of the entire fleet and are not required to adopt the "Green Taxicab" program. As of 2013, all minivans make up 26.54 percent of Long Beach Yellow Cab's fleet. Long Beach Yellow Cab has committed to acquiring additional "green" taxicabs to replace the 1.54 percent overage. The replacement will take place within the next 12 months. Orange County has initiated conversion of minivans to alternative fuel vehicles. Long Beach Yellow Cab has committed to converting their entire fleet to meet the requirements of the "Green Taxicab" program when feasible.

With the 162 total number of taxicabs operating in the City, it is required that 100 percent of the taxicabs must employ "green" technology as those units come up for replacement. This results in a requirement of 122 vehicles that must be green fuel. Currently, there are 119 hybrids or CNG-powered taxicabs in service. The City is working with Long Beach Yellow Cab to increase the number to 122.

This matter was reviewed by Deputy City Attorney Amy R. Webber on March 29, 2013 and by Budget Management Officer Victoria Bell on April 1, 2013.

TIMING CONSIDERATIONS

City Council action on this item is not time critical.

FISCAL IMPACT

The annual business license tax of \$75,380 allows Long Beach Yellow Cab Co-Operative, Inc., to operate up to 162 taxicabs. The business license tax was deposited in the General Fund (GP) in the Department of Financial Management (FM). Additionally, Long Beach Yellow Cab Co-Operative, Inc., paid \$18,630 as a full cost recovery reimbursement to the City for City-incurred charges related to the three-day Taxicab, Auto-for-Hire Inspection process.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,




JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:ES:SMC:JRR
K:\EXEC\COUNCIL LETTERS\BUSINESS RELATIONS\TAXI CAB\07-23-13 CCL - TAXICAB BIENNIAL REPORT AND INSPECTION.DOCX

ATTACHMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

ATTACHMENT A

TAXICAB PUBLIC CONVENIENCE & NECESSITY:

STAFF REPORT

APRIL 2, 2013

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

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 sixth such report; it covers the period from 2010 through 2012 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 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 2012. Of the 175 taxicab permits authorized, the current taxicab service provider is only utilizing 162 taxicab permits due to a decline in taxicab trip orders. This report examines that taxicab service being provided to both resident and transient taxicab customers from 2010 through 2012. 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 from 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. 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 taking in 1999, 2002, 2004, 2006, 2008, and 2010 was made in December 2012 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 five complaints received from Long Beach customers. They are summarized in the attachment. These five complaints were all referred to Long Beach Yellow Cab for satisfactory resolution. These customers never called back. The five complaints were only ones received during 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 Business Relations Bureau, which measured taxicab timeliness, cleanliness, courtesy, and overall satisfaction, had a favorable result. Business License Staff conducted the survey in person at hotels, hospitals, transportation hubs, and tourist attractions. They surveyed the employees at these locations who are responsible for calling taxicabs for their customers because their job responsibility involves day-to-day contact with customers who would have complaints, comments, and inquiries about the taxicab service in the City. Business License Staff also emailed the survey to key contact people who are affiliated with the business improvement districts and area associations throughout the City. Of the 23 businesses and organizations surveyed, 22 individuals completed the survey. All individuals who completed the survey indicated that they are at least satisfied with the present taxicab service, with 21 responses in "Extremely Satisfied", "Moderately Satisfied" and "Slightly Satisfied".

2012 Survey Results:

See attached Survey Summary Results (Exhibit A)

2012 Comments from Survey:

Of the 22 surveys submitted, only five had comments. Below are the comments from the 2012 survey.

1. I am employed in guest services and contact LB Yellow for our client. They have quick response time.
2. Need automated service, not always time to speak with someone.
3. The cab drivers could improve in two areas: 1. Don't litter and trash the cab stand area at the hotel. 2. Use some customer service training on how to speak to guest.
4. Most of the time the cabs are quick and reliable. Only had one experience where the response time was slow but that occurred on a very busy night in the city. The service is reliable.

- Our business only uses certain cab drivers in LB. We know and trust them and know that our customers will have a satisfied experience. Calling LB cab service can take a long time sometimes.

Previous Biennial Survey Results:

Survey Year	2010	2008	2006	2004	2002	1999
Timely	Often	Often	Often	Often	Often	Constantly
Clean and Professional	Often	Often	Often	Often	Often	Often
Courteous	Constantly	Often	Often	Constantly/Often	Often	Often
Received Complaints	Never	Seldom	Seldom	Seldom	Seldom	Seldom
Overall Rating	Satisfactory	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 February 28, 2013 (Exhibit D), they conclude that taxicab supply and demand are in balance and that the present 175 taxicabs in Long Beach are sufficient.

Conclusions

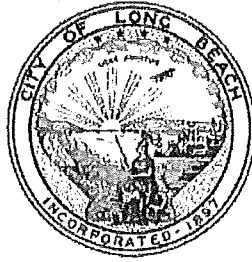
- From the surveys conducted of taxicab customers and from the minimum number of complaints taken over the City's taxicab complaint telephone line. Long Beach Yellow Cab is providing satisfactory service to the City of Long Beach.
- It appears Long Beach Yellow Cab is operating in full compliance with the Municipal Code and with the terms and conditions of the existing permit to operate 175 taxicabs. Of the 175 taxicab permits authorized, the current taxicab service provider is only utilizing 162 taxicab permits.
- 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:

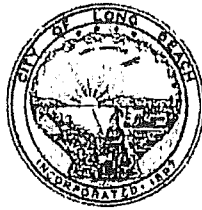
1. 2012 Survey Summary Results (Exhibit A)
2. 2012 List of Business / Organizations Surveyed (Exhibit B)
3. 2012 Example Customer Service Survey (Exhibit C)
4. Long Beach Yellow Cab Co-Operative, Inc. letter, February 28, 2013 (Exhibit D)



DEPARTMENT OF FINANCIAL MANAGEMENT
BUSINESS RELATIONS BUREAU

**PUBLIC CONVENIENCE & NECESSITY OF
TAXICAB SERVICE IN LONG BEACH:**

**2013 SURVEY RESULTS
OF
LONG BEACH YELLOW CAB CO-OP**



City of Long Beach Taxicab Service Survey Result Summary 2011-2012

- 1) How accessible is the taxicab service in the City of Long Beach?

	RESPONSE %	RESPONSE COUNT
Extremely Accessible	27.3%	6
Very Accessible	50.0%	11
Moderately Accessible	18.2%	4
Slightly Accessible	4.5%	1
Not At All Accessible	0.0%	0

- 2) How convenient and reliable is the use of a taxicab service in the City of Long Beach?

	RESPONSE %	RESPONSE COUNT
Extremely Convenient and Reliable	22.7%	5
Very Convenient and Reliable	50.0%	11
Moderately Convenient and Reliable	22.7%	5
Slightly Convenient and Reliable	4.5%	1
Not At All Convenient or Reliable	0.0%	0

- 3) How would you rate the response time of the taxicab service in the City of Long Beach?

	RESPONSE %	RESPONSE COUNT
Extremely Responsive	18.2%	4
Very Responsive	50.0%	11
Moderately Responsive	27.3%	6
Slightly Responsive	4.5%	1
Not At All Responsive	0.0%	0

- 4) How professional are the taxicab drivers in the City of Long Beach?

	RESPONSE %	RESPONSE COUNT
Extremely Professional	4.8%	1
Very Professional	57.1%	12
Moderately Professional	28.6%	6
Slightly Professional	4.8%	1
Not At All Professional	4.8%	1

- 5) How presentable and clean are the taxicabs in the City of Long Beach?

	RESPONSE %	RESPONSE COUNT
Extremely Presentable and Clean	15.0%	3
Very Presentable and Clean	50.0%	10
Moderately Presentable and Clean	20.0%	4
Slightly Presentable and Clean	15.0%	3
Not At All Presentable and Clean	0.0%	0

- 6) How often do you or your organization receive complaints about the taxicab service in the City of Long Beach?

	RESPONSE %	RESPONSE COUNT
0-5 Number of Complaints	68.2%	15
6-10 Number of Complaints	22.7%	5
11-20 Number of Complaints	4.5%	1
21 or More Number of Complaints	4.5%	1

- 7) Compare to other taxicab services that you have used, is the taxicab service in the City of Long Beach better, worse, or about the same?

	RESPONSE %	RESPONSE COUNT
Much Better	28.6%	6
Somewhat Better	28.6%	6
Slightly Better	19.0%	4
About the Same	23.8%	5
Slightly Worse	0.0%	0
Somewhat Worse	0.0%	0
Much Worse	0.0%	0

- 8) Compared to other taxicab services that you have used, is the price of taxicab service in the City of Long Beach reasonable, less reasonable, or about the same?

	RESPONSE %	RESPONSE COUNT
Much More Reasonable	29.4%	5
Somewhat Reasonable	17.6%	3
Slightly More Reasonable	17.6%	3
About as Reasonable	35.3%	6
Slightly less Reasonable	0.0%	0
Somewhat less Reasonable	0.0%	0
Much less Reasonable	0.0%	0

- 9) How would you rate your overall experience with the taxicab service in the City of Long Beach?

	RESPONSE %	RESPONSE COUNT
Extremely Satisfied	31.8%	7
Moderately Satisfied	45.5%	10
Slightly Satisfied	18.2%	4
Neither Satisfied or Dissatisfied	4.5%	1
Slightly Dissatisfied	0.0%	0
Moderately Dissatisfied	0.0%	0
Extremely Dissatisfied	0.0%	0

10) Comments:

1. I am employed in guest services and contact LB Yellow for our client. They have quick response time.
2. Need automated service, not always time to speak with someone.
3. The cab drivers could improve in two areas: 1. Don't litter and trash the cab stand area at the hotel. 2. Use some customer service training on how to speak to guest.
4. Most of the time the cabs are quick and reliable. Only had one experience where the response time was slow but that occurred on a very busy night in the city. The service is reliable.
5. Our business only uses certain cab drivers in LB. We know and trust them and know that our customers will have a satisfied experience. Calling LB cab service can take a long time sometimes.

BUSINESSES / ORGANIZATIONS SURVEYED

Business Relations Bureau, License Inspectors surveyed below venues in the City, based on their daily observation to rate the taxicab service at the following locations:

1. Hotels
 - a. Queen Mary
 - b. Hyatt Long Beach
 - c. Renaissance
 - d. Hilton Long Beach
 - e. Residence Inn Long Beach
 - f. Long Beach Marriott
 - g. Westin Hotel
 - h. Courtyard Marriott

2. Travel
 - a. Catalina Express
 - b. Greyhound
 - c. Long Beach Airport
 - d. Long Beach Convention & Visitors Bureau

3. Venues
 - a. Long Beach Aquarium

4. BID
 - a. Downtown Long Beach BIA
 - b. Belmont Shore BID
 - c. Fourth Street BID
 - d. East Anaheim BID
 - e. Bixby Knolls BID

5. Hospitals
 - a. Long Beach Memorial Medical Center
 - b. St. Mary Medical Center
 - c. Pacific Hospital Long Beach
 - d. VA Long Beach Healthcare System
 - e. Community Hospital of Long Beach

Note:

1. The survey was sent out to individuals at 23 local businesses who utilizes taxicab service.
2. Of the 23 businesses that were sent the survey, 22 individuals completed the survey.
3. Some businesses submitted multiple surveys because different individuals from the same business come in contact with the taxicab service.



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 W. Ocean Boulevard, 4th Floor • Long Beach, CA 90802 • (562) 570-8212 FAX (562) 499-1097

City of Long Beach Taxicab Service Survey

1. How accessible is the taxicab service in the City of Long Beach?

- Extremely Accessible
- Very Accessible
- Moderately Accessible
- Slightly Accessible
- Not At All Accessible

2. How convenient and reliable is the use of a taxicab service in the City of Long Beach?

- Extremely Convenient and Reliable
- Very Convenient and Reliable
- Moderately Convenient and Reliable
- Slightly Convenient and Reliable
- Not At All Convenient or Reliable

3. How would you rate the response time of the taxicab service in the City of Long Beach?

- Extremely Responsive
- Very Responsive
- Moderately Responsive
- Slightly Responsive
- Not At All Responsive

4. How professional are the taxicab drivers in the City of Long Beach?

- Extremely Professional
- Very Professional
- Moderately Professional
- Slightly Professional
- Not at all Professional

5. How presentable and clean are the taxicabs in the City of Long Beach?

- Extremely Presentable and Clean
- Very Presentable and Clean
- Moderately Presentable and Clean
- Slightly Presentable and Clean
- Not at all Presentable and Clean

6. How often do you or your organization receive complaints about the taxicab service in the City of Long Beach?

- 0-5 Number of Complaints Yearly
- 6-10 Number of Complaints Yearly
- 11-20 Number of Complaints Yearly
- 21 or More Number of Complaints Yearly

7. Compared to other taxicab services that you have used, is the taxicab service in the City of Long Beach better, worse, or about the same?

- Much better
- Somewhat better
- Slightly better
- About the same
- Slightly worse
- Somewhat worse
- Much worse

8. Compared to other taxicab services that you have used, is the price of taxicab service in the City of Long Beach reasonable, less reasonable, or about the same?

- Much more reasonable
- Somewhat reasonable
- Slightly more reasonable
- About as reasonable
- Slightly less reasonable
- Somewhat less reasonable
- Much less reasonable

9. How would you rate your overall experience with the taxicab service in the City of Long Beach?

- Extremely satisfied
- Moderately satisfied
- Slightly satisfied
- Neither satisfied nor dissatisfied
- Slightly dissatisfied
- Moderately dissatisfied
- Extremely dissatisfied

10. Comments:



February 28, 2013

VIA HAND DELIVERY

Mr. Erik Sund
Business Relations Manager
City of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802

Re: Long Beach Biennial Review of Public Convenience & Necessity

Dear Mr. Sund:

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.

As we mentioned two years ago, the taxicab industry was severely impacted by the downturn in the economy in 2008 and Long Beach Yellow Cab has taken the longest time to recover from all of our fleets. Our overall taxicab trip volume in calendar year 2011 was 3.4% lower compared to 2007, but in 2012, we finally bounced back, showing a 5.4% increase over 2007.

Although our drivers and owners have not seen only a small increase in revenue, they have, at the same time, maintained the commitment to greening the taxicab fleet. We now have 119 hybrid or CNG-powered taxicabs in service in the City of Long Beach, a figure that exceeds our "green taxi" commitment to the City.

We believe that, when weighing public convenience and necessity, these facts and the following analysis point to the conclusion that the City of Long Beach should not authorize additional taxicabs at this time.

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. At the same time, this balance mitigates negative effects like traffic, pollution and overcrowding. 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

LONG BEACH YELLOW CAB CO-OPERATIVE, INC.

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Mr. Erik Sund
Business Relations Manager
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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.

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.

Throughout the economic downturn, with our shrinking call volume, we were unable to activate new taxicabs. With the improvement in 2012, we were able to increase our fleet from 155 to 162. However, we do not anticipate a need for additional taxicabs over the next two years of operation if we are granted an operating right by the City of Long Beach.

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. Over the years, we have refrained from aggressively increasing the size of our fleet in operation because we know that our drivers must earn a decent living if we are to sustain the high level of service and to provide an excellent fleet of vehicles to the City. As we have mentioned in the past, until we see sustained growth with a return to previous business levels our fleet does not anticipate activating new taxicabs.

Green Cabs

In 2008, we worked with City staff to implement one of the cleanest, greenest taxicab programs in the country. Apart from a limited set-aside for wheelchair-accessible vehicles and some gasoline-powered minivans, every replacement vehicle or new vehicle placed into service as a taxicab has been either hybrid gasoline-electric, or fueled by compressed natural gas. We now have 119 vehicles hybrid or natural-gas burning vehicles, which is about 68% of our overall fleet.

With these 119 green taxicabs, Long Beach Yellow Cab has surpassed the goal set by the City of Long Beach to reduce smog and greenhouse gas emissions and lessen the dependence on foreign oil. With an 80-percent reduction in NOx, and a 30 to 40 percent reduction in greenhouse gases and petroleum, the City and Long Beach Yellow Cab successfully completed this amazing environmental "green" plan.

Mr. Erik Sund
Business Relations Manager
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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 December 31, 2012, Long Beach Yellow Cab's call center handled more than 700,000 orders for taxicab service.

We continue to provide excellent on-time service to the City of Long Beach. Our most recent figures, for December 2012, show that 89% of our orders serviced within 15 minutes, and 94% of orders serviced within 20 minutes. Our response for service continues to improve as we make technological improvements, such as, allowing passengers to book their taxi rides through their phones and as we make changes to our computerized dispatch system.

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 continues to exceed a rating of excellent.

Technology Advancements

As we have done for more than 25 years, Long Beach Yellow Cab has continuously invested in new technologies to streamline our delivery of transportation, always without the need for our regulators to prod us to do so. Much of what we do happens behind the scenes, but our customers have noticed the effects of our two major technological advances that we made at the end of last biennial review.

First, Long Beach Yellow Cab was an early adopter of smart phone technology by accepting orders through electronic booking methods like Taxi Magic. Taxi Magic is an application for iPhone, Android and Blackberry that offers, GPS-enabled taxicab trip ordering, status updates and, if the customer chooses, payment options for passengers. The application allows passengers to pay for the trip directly through their phones without having to hand their credit cards to the taxicab driver. Taxi Magic is one of the most successful travel applications on Apple's iTunes Store, and it is exclusively available on Long Beach Yellow Cab and its sister companies in the greater Los Angeles area.

Second, Long Beach Yellow Cab was the first taxicab company in Southern California with a backseat credit card payment device installed. We have seen an enormous increase in usage of PIM credit card transactions over the past years. In 2010, we processed nearly 61,000

Mr. Erik Sund
Business Relations Manager
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credit transactions and in 2011 that number skyrocketed to 113,000. This past year, we processed nearly 181,000, a 200% increase from 2010, in credit card transactions.

The PIMs represent a technology investment of more than \$150,000 by Long Beach Yellow Cab's members. The investment was made based on a recommendation from the management team to improve the taxi riding experience for the customer.

You should know that, to this day, in spite of the obvious advantages for the customer experience, more than two years after Long Beach Yellow went forward with these technologies, no other Los Angeles County taxicab company operates a GPS-based smart phone trip ordering system like Taxi Magic, nor do any of them offer a backseat credit card processing system to their customers.

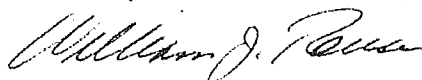
Number of Cabs in Service

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 162 vehicles currently in service. Although we sincerely hope for the pace of economic recovery to quicken, we do 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 at this time.

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.