



# CITY OF LONG BEACH

# H-4

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Blvd • Long Beach, California 90802

October 7, 2008

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

- 1) Receive the supporting documentation into the record, conclude the hearing; find and determine that the rate proposed is just, reasonable and nondiscriminatory, and not in violation of the Long Beach Municipal Code or any provision of law; and authorize the City Manager to amend the permit with Long Beach Yellow Cab Cooperative, Inc., to authorize and establish new rates for taxicab service at \$2.85 per flag drop, \$2.70 per mile, and \$29.19 per hour waiting time.
- 2) Authorize the City Manager to approve the modified "Green taxicab" color scheme for new Hybrid vehicles and allow the vehicles to be placed into service. (Citywide)

## DISCUSSION

The Long Beach Municipal Code (LBMC) Section 5.80.140 requires a hearing be held before the City Council prior to the authorization of any rate or fare for taxicab service. The LBMC also requires that the City Council make the determination that the rate is just, reasonable and nondiscriminatory, and not in violation of the provisions of the LBMC or any other provision or law. Attached for your review is the request of Long Beach Yellow Cab Cooperative, Inc. (Long Beach Yellow Cab), for a rate increase (Attachment A). The results of the City staff analysis are provided in the Proposed 2008 Taxicab Rate Increase table located on page two. Taxicab rates were last changed in 2007 and prior to that 2005, 2001 and 1996. Since the rate increase of August 2007, the Consumer Price Index (CPI) for Los Angeles-Riverside-Orange County has increased by 5.8 percent. The cost of operating a taxicab in the Los Angeles-Long Beach area has also increased 9.83 percent since August 2007. The increase proposed by Long Beach Yellow Cab is approximately 16 percent per flag drop and approximately 12 percent per trip depending on the distance of the trip.

City staff contacted neighboring jurisdictions and found that most had recently increased taxicab service rates during the first half of this calendar year. Although other costs of operating a taxicab have increased (see attached request from Long Beach Yellow Cab), the high price of gasoline remains the driving factor in the rate increases of surrounding jurisdictions. The Orange County Taxicab Administration Program (OCTAP), which establishes rates for most Orange County cities, recently raised its rates on May 24, 2008. Additionally, the City of Los Angeles also approved a rate increase effective August 14, 2008, and the South Bay Cities (Manhattan Beach, Redondo Beach, Hermosa Beach, and Torrance) raised their rates on August 14, 2008.

The proposal by Long Beach Yellow Cab is the same rate that was approved by the City of Los Angeles. Because many cities automatically honor the City of Los Angeles meter rate, this is the rate currently in use throughout the Los Angeles basin.

Both current and proposed Long Beach rates are compared to other California cities in the following table. The cost of a two-mile trip (shopping trip), a five-mile trip (trip to Long Beach Airport), and a 20-mile trip (trip to Los Angeles or Orange County airports) has been computed and compared.

#### Proposed 2008 Taxicab Rate Increase

##### ANALYSIS & COMPARISON

City	Flag Drop Fare	Flag Drop Distance	Add'l Fare First Mile	Add'l Fare Per Mile	Hourly Wait-Time Fare	Last Change	Cost of 2-mile Trip	Cost of 5-mile Trip	Cost of 20-mile Trip
Long Beach - Proposed	\$2.85	1/9 mile	\$0.30	\$2.70	\$29.19	2008	\$7.95	\$16.05	\$56.55
Long Beach - Current	\$2.45	1/7 mile	\$0.35	\$2.45	\$26.53	2007	\$7.00	\$14.35	\$51.10
Long Beach % Increase	<b>16.3%</b>		<b>-14.2%</b>	<b>10.2%</b>	<b>10.0%</b>		<b>13.6%</b>	<b>11.8%</b>	<b>10.7%</b>
Los Angeles - Current	\$2.85	1/09 mile	\$0.30	\$2.65	\$29.19	2008	\$7.85	\$15.80	\$55.55
Los Angeles - Previous	\$2.45	1/07 mile	\$0.35	\$2.45	\$26.63	2006	\$7.00	\$14.35	\$51.10
Orange County - Current	\$2.95	1/4 mile	\$0.65	\$2.60	\$30.00	2008	\$7.50	\$15.30	\$54.30
Orange County - Previous	\$2.65	1/5 mile	\$0.50	\$2.50	\$28.80	2006	\$7.15	\$14.65	\$52.15
San Francisco - Current	\$3.10	1/5 mile	\$0.45	\$2.25	\$27.00	2006	\$7.15	\$13.90	\$47.65
San Francisco - Previous	\$2.85	1/5 mile	\$0.45	\$2.25	\$27.00	2003	\$6.90	\$13.65	\$47.40
San Diego (average)	Each taxicab company sets its own rates.								
San Jose Area	\$5.00	1/10 mile	\$0.30	\$3.00	\$30.00	2008	\$10.70	\$19.70	\$64.70
Manhattan Beach	\$2.85	1/09 mile	\$0.30	\$2.65	\$29.19	2008	\$7.85	\$15.80	\$55.55

#### SUSTAINABILITY

Long Beach Yellow Cab is committed to supporting efforts to promote environmentally sensitive business and lifestyle practices. In supporting these practices, the Yellow Cab Co-Op is adapting a "Green taxicab" program that requires owner-drivers to replace their existing taxicabs with CNG or Hybrid powered vehicles.

To increase public awareness of these vehicles, Long Beach Yellow Cab adopted a modified color scheme for the new Hybrid vehicles and is asking the City's permission to immediately place these vehicles, with the revised color scheme, into service (Attachment B).

The proposed color scheme consists of the standard yellow paint, with green paint along the rocker panels, front and rear bumpers, hood, trunk and roof. On the rocker panels and rear bumper, they are including wording that reads "Yellow Cab Goes Green." The new color scheme is proposed for all Hybrid vehicles placed into service over the next two years. Long Beach Yellow Cab has already purchased seven Hybrid vehicles (five Toyota Prius' and two Ford Escapes) and is ready to place them into service.

HONORABLE MAYOR AND CITY COUNCIL

October 7, 2008

Page 3

This matter was reviewed by Deputy City Attorney Richard Anthony on September 18, 2008 and Budget Management Officer Victoria Bell on September 3, 2008.

TIMING CONSIDERATIONS

City Council action is requested on October 7, 2008 to ensure that the new Hybrid vehicles are placed in service expeditiously.

FISCAL IMPACT

There is no fiscal impact associated with this item.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:



PATRICK W. WEST  
CITY MANAGER



August 14, 2008

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

Re: Request for Meter Rate Increase by Long Beach Yellow Cab Cooperative, Inc. (LBY)

Dear Mr. Bartlett:

On behalf of Long Beach Yellow Cab Cooperative, Inc. (LBY), I am requesting County approval of an increase in the taxicab meter rates for taxicab services which includes the Dial-A-Ride programs that we currently charge in the County of Los Angeles.

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

The rate that we propose to charge our County of Los Angeles customers is the same as the rate increase recently approved by the City of Los Angeles. The new rate is scheduled to go into effect on August 13, 2008.

The new rate is as follows:

Flag Drop:	\$2.85 (first 1/9 <sup>th</sup> mile)
Each Additional Mile:	\$2.70 (\$.30 each additional 1/9 <sup>th</sup> mile)
Waiting Time, Per Hour:	\$29.19 (\$0.30 each 37 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 at 310/968-1065.

Sincerely,

A handwritten signature in cursive script that reads "Shirley F. Pe".

Shirley F. Pe  
Director of Marketing  
Long Beach Yellow Cab Cooperative, Inc.

**LONG BEACH YELLOW CAB CO-OPERATIVE, INC.**

**2129 W. ROSECRANS AVENUE ■ GARDENA, CA 90249 ■ (310) 715-1968 ■ FAX (310) 327-1703**

## **CURRENT RATES**

Since 2006, the rate that Yellow Cab Co., United Checker Cab and Fiesta Taxi have charged passengers in Los Angeles County is as follows:

Flag Drop:	\$2.65 (first 1/7 <sup>th</sup> of first mile)
Each Additional Mile:	\$2.45 (\$.35 each additional 1/7 <sup>th</sup> of a mile)
Waiting Time, Per Hour:	\$26.53 (\$.35 each 47.5 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 July 3, 2008. This index provides a reasonable, but rough, approximation of the costs of operating a taxicab business.

### *FUEL*

According to LADOT, fuel accounts for approximately 18% 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 5% of a taxicab's operating costs. To measure the change in this component, we look at CPI – Motor Vehicle Maintenance – U.S. 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 – U.S. City Average.

### *VEHICLES*

The capital costs associated with purchasing vehicles comprise about 3% 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.

### *DISPATCHING COSTS*

Dispatching costs make up about 13% of the operating costs of a taxicab. Changes in this component can be measured by looking at CPI – All Items – Los Angeles – Riverside – Orange Counties.

#### *OTHER EXPENSES*

Miscellaneous expenses make up about 4% of the operating costs of a taxicab. Changes in this component can be measured by looking at CPI – All Items – Los Angeles – Riverside – Orange Counties.

#### *DRIVER INCOME*

Driver Income should comprise about 51% 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 4-8 of the LADOT July 3, 2008 report to the Board of Taxicab Commissioners. There, LADOT staff explain that the Taxicab Cost Index rose by 9.83% from the previous 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 County of Los Angeles on the same analysis.

It is important to note that the Taxicab Cost Index was last computed in December 2006 – before the latest spike in gasoline prices.

#### **PROPOSED NEW RATES**

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

Flag Drop:	\$2.85 (first 1/9 <sup>th</sup> mile)
Each Additional Mile:	\$2.70 (\$.30 each additional 1/9 <sup>th</sup> mile)
Waiting Time, Per Hour:	\$29.19 (\$0.30 each 37 seconds)

The flag drop is proposed to be increased by \$.20.

The per mile rate is proposed to be increased by \$.25. The waiting time rate is proposed at \$29.19.

Due to the current level of gasoline prices and other inflation suffered by our drivers, we respectfully ask that the County of Los Angeles act on this as soon as possible. Our drivers need a rate increase at this time.

### **COMPARISON TO OTHER JURISDICTIONS**

Also shown in the LADOT staff report, the proposed new rates will leave our taxicab rates lower than those of Palm Springs and San Diego. Furthermore, several cities in the County of Los Angeles, including Torrance, Redondo Beach, Manhattan Beach, and Hermosa Beach tie their taxicab rates to that of the City of Los Angeles and will be equal to Los Angeles County.

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



September 9, 2008

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

Re: Long Beach Yellow Cab/Proposed Color Scheme re "Green Initiative"

Dear Mr. Bartlett:

Long Beach Yellow Cab Cooperative, Inc. is committed to working closely with the City of Long Beach in support of the City's efforts to promote more environmentally sensitive business and lifestyle practices. Our Board of Directors has expressed its full support for these principles by adopting a "Green Taxicab" program that mandates our owner-drivers to place into service CNG-powered or Hybrid-powered vehicles as they replace their taxicabs.

To increase the public awareness of our new program, we have adopted a modified color scheme for our hybrid vehicles, and we seek the City's approval to allow us to immediately place these vehicles into service with the "green taxicab" color scheme.

As you can see on the attached photographs, the "green taxicab" color scheme consist of our standard yellow paint, with green paint along the rocker panels, the front and rear bumper, the hood, trunk and roof. In addition, along the rocker panels, and on the rear bumper, we have proposed, in yellow, the words "Yellow Cab Goes Green." We propose this color scheme for the hybrids that we place into service over the next two years.

We believe that the new color scheme is playful and friendly, and grabs the attention of the viewer, letting the public know that CNG-powered and hybrid vehicles are available for their use. We hope you agree.

As we have already purchased seven hybrids, we are ready to place them into service as soon as you give the OK. We are ready to answer any questions that you may have, and look forward to your response.

Very truly yours,

A handwritten signature in black ink that reads "William J. Rouse". The signature is written in a cursive style.

WILLIAM J. ROUSE  
 General Manager

cc: Mr. Pat West





