



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Blvd • Long Beach, California 90802

November 21, 2006

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

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

## DISCUSSION

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

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

This matter was reviewed by Deputy City Attorney Richard Anthony on November 9, 2006 and Budget Management Officer David Wodynski on November 10, 2006.

## TIMING CONSIDERATIONS

City Council action on this item is not time critical.

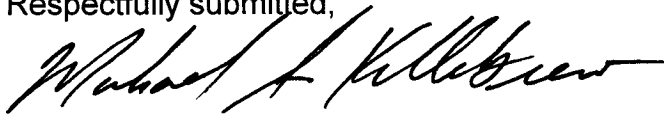
FISCAL IMPACT

The annual business license tax for 175 taxicabs of \$70,850, is due January 1, 2007, and will be deposited in the General Fund (GF) in the Department of Financial Management (FM).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

MAK:PH:JAG:BCV  
K:\EXEC\COUNCIL LETTERS\COMMERCIAL SERVICES\TAXI CAB\11-21-06 CCL - TAXICAB BIENNIAL REPORT.DOC

ATTACHMENTS

APPROVED:



GERALD R. MILLER  
CITY MANAGER

**STAFF REPORT TO THE CITY COUNCIL  
ON THE PUBLIC CONVENIENCE AND NECESSITY  
REGARDING TAXICAB SERVICE  
November 8, 2006**

**Background**

In May 2000, 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 businesses in Long Beach when the time period for taxicab applications has been opened by the City Council. This is the third such report and covers the period from November 2004 through October 2006 and contains a recommendation on whether or not the number of authorized taxicabs is sufficient for the needs of the City. By resolution, if the number of taxicabs is sufficient, the time period for filing taxicab permit applications shall remain closed. If insufficient, the time period for filing applications shall be opened. New authorized taxicab slots would first be offered to the current taxicab permittee, provided that the permittee is in full compliance with the terms of the existing permit and all of the provisions of the Municipal Code.

In October 2002, the City Council found that number of taxicabs operating in the City was *insufficient* for the needs of the City and authorized the number of taxicab permits be increased from 125 to 175. The additional 50 taxicab permits were awarded to Long Beach Yellow Cab, the sole taxicab operator in the City. In October 2004, the city Council found that the 175 taxicab permits authorized in 2002 was still sufficient and continued 175 taxicab permits through 2006. This report examines the taxicab service being provided to both resident and transient taxicab customers from 2004 through 2006. It finds that Long Beach Yellow Cab is providing satisfactory service, finds that the public convenience and necessity is being served, that the present 175 taxicab permits is still *sufficient*, and recommends that the period for filing of taxicab applications remain closed.

**Investigation**

The investigation into public convenience and necessity of taxicab service in Long Beach took three forms. First, along with approval of Resolution C-27694, the taxicab ordinance was revised to require each taxicab to display a customer service phone number for the City of Long Beach to receive inquiries or complaints. A spot check of ten taxicabs found that each did have the customer service phone number displayed. All taxicab complaints received by the City have been transcribed from voicemail or taken by customer service representatives and saved in a file. Second, a repeat of the customer service survey taken in 1999, 2002, and 2004 was made in October 2006 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 the only ones received during this two-year period and are a remarkably small number of complaints for the number of customer contacts. To put it in perspective, Long Beach Yellow Cab picks up about 44,000 Long Beach customers a month, which equates to over 1,000,000 customers in this two-year reporting period. In addition, during this two-year period there has been no indication that Long Beach Yellow Cab is not in full compliance with the Municipal Code and with the terms and conditions of their existing permit to operate 175 taxicabs in the City.

The survey conducted by the Commercial Services Bureau, which measured taxicab timeliness, cleanliness, courtesy, and overall satisfaction, had a favorable result. Business License Inspectors conducted the survey in person and by telephone at hotels, transportation hubs, and tourist attractions. They surveyed the employees at these locations who are responsible for calling taxicabs for their customers, the belief being that these are the people that would hear the complaints. Of the 17 locations completing the survey, all gave the present taxicab service at least an overall satisfactory rating, with six ratings in the "superior" or "outstanding" category. In evaluating timeliness, cleanliness, courtesy, and complaints, at least 75 percent of those surveyed awarded a rating in the highest two scores in these areas. These scores compare favorably with the survey results from 2004, 2002 and 1999. The results of the October 2006 Survey are attached, with the last four surveys summarized in the table below.

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

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

Long Beach Yellow Cab has analyzed the supply and demand for taxicab service in Long Beach. In a letter dated November 2, 2006 (also attached), they conclude that

taxicab supply and demand are in balance and that the present 175 taxicabs permitted in Long Beach are sufficient.

### **Conclusions**

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

### **Recommendation**

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

### **Attachments**

1. Summary of Taxicab Hotline Calls
2. 2006 Customer Service Survey
3. Long Beach Yellow Cab letter, November 2, 2006

## **SUMMARY OF TAXICAB HOTLINE CALLS November 2004 – October 2006**

Since the taxicab company is named Long Beach Yellow Cab, we receive telephone calls from taxicab passengers in surrounding cities. While Long Beach Yellow Cab does operate in surrounding cities, it is each city's responsibility to regulate taxicab operations within their City. The City of Long Beach is primarily concerned with taxicab operations in Long Beach.

### **Calls from customers outside Long Beach**

04-13-2005: Complainant from Lakewood

1. Wait for cab is one hour or longer
2. Cannot give customer a designated time of arrival
3. Drivers say they don't want to come to Lakewood 'cause there no money to be made
4. Not enough cabs to serve the need in Lakewood

12-07-2005: Complainant picked up in Hawaiian Gardens by a "Fiesta" cab. (Also managed by Administrative Services. Co-Op)

### **Calls from Long Beach taxicab customers**

#### **Hotline Calls**

11-04-2004: Taxi Driver littering complaint. "His disregard for his neighbors, the environment and those behind him in traffic should result in citation for littering".

01-09-2006: Customers were picked up at L B Airport with a destination to Holiday Inn Downtown and it took 35 minutes & was overcharged. The same ride taken previously by the customer had taken only 8 minutes.

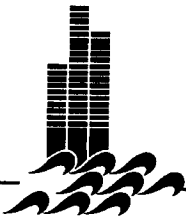
06-16-2006: The vehicle had no air conditioning, and the driver had to stop for gas before customer was dropped off.

#### **Letter to Gerald Miller**

05-09-2006: Complainant were at LB Airport and wanted to go to Mimi's Cafe on Candlewood Street approximately 5 minutes away. The driver took them to Mimi's on PCH (near Second Street), twice the distance and in the opposite direction. Requested a \$30.00 refund & received refund by Yellow Cab.

#### **E-mail**

09-22-2006: Observed a taxicab with a passenger and no front or rear license plates. In place of the license plates were ads for a used car dealer.



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## Taxicab Survey Tabulation of Results September 2004

Based on your observations, please circle the appropriate response.

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

▽ = MEDIAN RATING

Constantly	Often	Occasionally	Seldom	Never

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

▽

Constantly	Often	Occasionally	Seldom	Never

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

▽

Constantly	Often	Occasionally	Seldom	Never

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

▽

Constantly	Often	Occasionally	Seldom	Never

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

▽

Outstanding	Superior	Satisfactory	Poor	Unsatisfactory

6. The City may contact me for follow-up questions.

YES      NO

Comments: **See attached for comprehensive list of comments.**

Name \_\_\_\_\_

Company/Organization **See attached list**

Phone \_\_\_\_\_

Address \_\_\_\_\_

**Company/Organization Surveyed:**

Hyatt Regency  
Renaissance Hotel  
Westin Hotel  
Courtyard by Marriott Hotel  
Long Beach Marriott (Airport)  
Best Western Golden Sails Hotel  
Sea Port Marina Hotel  
Guesthouse Hotel  
Holiday Inn Downtown  
Marriott Residence Inn  
Long Beach Airport Holiday Inn  
Long Beach Hilton  
Queen Mary  
Aquarium of the Pacific  
Long Beach Airport  
Greyhound Bus Station  
Catalina Express

**Survey Comments** (no particular order)

- Often rude to guests and hotel staff. Different drivers charge different flat rate to airport.
- Drivers constantly argue with each other.
- Taxicabs in Long Beach are magnificent!!





November 2, 2006

**VIA FACSIMILE TO (562) 570-6180**

Mr. James Goodin  
Financial Business Services Manager  
City of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802

Re: Public Convenience and Necessity Regarding Taxicab Service

Dear Mr. Goodin:

Thank you for your letter of October 25 inviting our input on the subject of public convenience and necessity for taxicab service.

I refer you back to the letter that we sent to the City for the last biennial review. Although our business and our fleet have grown, conditions are largely the same and we believe that the City's currently authorized fleet of 175 vehicles is sufficient and should not be increased at this time.

Our current ownership and driver pool shows a deep connection to the City of Long Beach. Sixty-five percent of our drivers are residents of the City of Long Beach and the owners of 45% of our vehicles are residents of the City of Long Beach. No other fleet operated by our management company, ASC, is so closely tied to the community that it serves. In this case, the decisions made by the City will affect City residents from both the driver-owner side as well as the customer side.

***158 out of 175 Authorized Vehicles in Service***

Over the first two years after the City granted our request to increase our fleet from 125 authorized vehicles to 175 authorized vehicles, we saw rapid growth, and we placed into service 28 of the 50 authorized vehicles.

Since the 2004 biennial review, our growth has slowed considerably. Today, we have 158 vehicles in service – five more than in 2004 – although we occasionally have up to 8 taxicabs available for lease

We believe that this is due primarily to high gas prices and our rapid growth from 2002 to 2004. Taxicab business is such that growth in demand for service and growth in

Mr. James Goodin  
Financial Business Services Manager  
November 2, 2006  
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the fleet must be maintained in a constant balance, and rapid growth is rarely sustainable for long periods of time, because passenger habits do not change rapidly.

***London Taxis: One Example of Our Investment in the City***

We continue to operate 6 London Taxis, at a considerable expense. We believe that they are worth the expense, however, because they provide high visibility for both our company and the City.

Long Beach Yellow Cab continues to contribute to the community, through its involvement in a number of organizations. For example, the principals of our company have made significant contributions to or have been actively involved with local charitable organizations including the Long Beach Convention and Visitors Bureau, the Boys and Girls Clubs of Long Beach, the Long Beach Memorial Medical Center Foundation, the International City Theater and the Long Beach Symphony Orchestra.

***Excellent On Time Performance***

When we look at the balance between the number of operating taxicabs and the demand for taxicab service, we focus first on whether we are serving our customers on time.

When looking at on-time standards, it may help to point out that the City of Los Angeles, which has the most far-reaching taxicab regulations in our region, establishes a standard of "good" service when a taxicab company responds to 76% of its telephone orders within 15 minutes. A company that services 80% of its telephone orders within 15 minutes receives a rating of "excellent" in Los Angeles. Also, when we measure response times internally, we measure the time beginning from when the order is placed to when the meter is turned on. Typically, and particularly for pick-ups at senior centers, hospitals and other places where passengers often need assistance, there is a lapse of about three minutes between when the taxicab has arrived to provide transportation and when the meter is turned on.

For the six months ending October 31, 2006, Long Beach Yellow Cab serviced over 80% of its orders within 15 minutes. Over 88% of passengers were picked up within 20 minutes. Again, these figures are measured by time to meter-on, not when the taxicab arrived to pick up the passenger.

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These measurements include the entire City of Long Beach, including areas of the City that may be commonly thought of as "hard to serve."

Therefore, we respectfully submit to you that the taxicab riding public in the City of Long Beach is receiving excellent taxicab service.

### ***Continued Advancements In Technology***

In the area of technology, we never rest. Over the last two years, we developed a completely new Windows-based order entry program that takes almost all of the guesswork out of the order entry functions for our customer service agents. This process makes extensive use of GPS, mapping and flash technologies. Every effort has been made to enable the customer service agent to answer the passenger's questions immediately, without the need for putting the customer on hold.

For example, if the passenger is a Long Beach Dial-A-Lift customer, once the account is identified, the customer service agent has immediate access to a page on the screen with all of the program rules.

Another example is where the customer calls to find out where his or her taxicab is. Using caller ID, the system automatically identifies the caller as one who is calling back on a current call. The system prompts the agent to ask the first question: "Are you calling to find out where your cab is?" If the answer is yes, a map pops up automatically, showing the location of the assigned taxicab, and the location of the pick-up address, along with a calculation of the time and distance remaining before pick-up.

Other areas that we are working on include advancements in our radio frequency system, adding new features to our dispatch system that enhance the service for both the driver and the passenger, and converting more and more of our charge business to paperless technology.

### ***Long Beach Airport***

We continue to operate our program that restricts the number of taxicabs that can work at Long Beach Airport on any given day. Every day, we keep a substantial portion of our fleet out of the airport on a rotating basis. Our program accomplishes several objectives. First, it ensures that customers at the airport who want taxicabs will receive service when they want it. Second, it ensures that there will be enough taxicabs operating in the City (outside the airport) to satisfy the demand of residents and others. Third, it

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keeps traffic congestion within the airport to a minimum, which will be especially important during construction periods at the airport. Fourth, it ensures that each of our drivers has a fair opportunity to earn a living, both by fairly distributing trips and reducing their waiting time for trips. Finally, because the drivers can earn a living, our program promotes a positive attitude among the drivers, thus improving service quality and reducing the incentive to overcharge.

It is also worth noting that Long Beach Yellow Cab drivers occasionally wait for long periods between pick-ups at the airport. In addition, because of restrictions on flights, no growth in demand for taxicabs can be anticipated at the airport.

#### ***Customer Complaints***

Another measurement of whether we should put more cabs into service is how the customers are reacting to our service. With 80% of pick-ups within 15 minutes and 88 % within 20 minutes, we almost never receive complaints for late service at all.

Since the beginning of 2006, we serviced approximately 400,000 passengers through telephone orders for taxicab service. Other sources of business include walk-up passengers at hotels, shopping centers, and air, bus and train terminals, as well as passengers picked up through flag-downs and telephone orders placed directly to the driver's cell phone. Thus, we conservatively estimate our total taxicab trip volume in Long Beach for this nine-month period to exceed 750,000 trips, each of which carries with it the potential to generate a customer complaint.

We believe that the comparatively few complaints we receive reflects very positively on the level of customer satisfaction with our performance.

#### ***Balancing the Number of Cabs to Driver Demand***

When we analyze whether more cabs are needed, after looking first at customer service, we review recent history, looking at how many cabs we have available on the lot waiting for drivers and, conversely, how many drivers we have waiting for a cab to become available to drive.

As noted above, although we placed five additional taxicabs into service, we have experienced several times where we have up to 8 taxicabs on the lot. On the other hand, at no time during the last two years have all of our taxicabs been leased. We attribute these facts to wildly fluctuating gas prices and the adverse impact they have on our

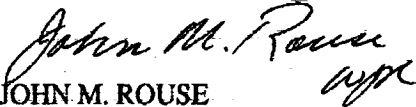
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drivers' incomes. Over extended periods of time the significant impact of high gas prices can cause some drivers to change careers.

In spite of gas prices, we've balanced drivers and taxicabs well. This is one of the strongest indicators to us that the number of taxicabs on the street is correct. Passengers are being served quickly and courteously, while drivers can earn a decent living and owners can profitably operate their vehicles, replacing them with new vehicles when necessary. In our business this balance can be difficult to achieve, and we believe that the City should give these facts heavy weight in support of a decision not to increase the City's overall fleet size at this time.

In sum, we believe that all of the facts taken together point to the conclusion that there is a strong balance at this time between supply and demand for taxicabs that is benefiting the City. The City's currently authorized taxicab fleet allows for reasonable growth over the next few years should the level of business warrant such growth. Therefore, we believe that the City should determine that no increase in the City's taxicab fleet is necessary at this time.

Very truly yours,

  
JOHN M. ROUSE  
President