



## Legislation Text

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**File #:** 18-0362, **Version:** 1

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Recommendation to receive and file the Biennial Report on Public Convenience and Necessity Regarding Taxicab Service and conclude the hearing; determine that the number of authorized taxicabs is sufficient for the needs of the City; find that Long Beach Yellow Cab Cooperative, Inc. (LBYC), is in full compliance with the terms and conditions of the current permit; direct that the period for filing of taxicab applications remains closed; and authorize City Manager, or designee, to amend the permit with LBYC to approve a requested change in logo, vehicle branding, and vehicle color; and

Receive and file the Report on the Taxi Regulation Modernization Pilot Program; extend the terms of the pilot program for a period of 12 months; and, authorize Financial Management Department and City Attorney to work with LBYC to prepare appropriate revisions to the current taxicab ordinance. (Citywide)

City Council approval is requested to determine that the City's current taxicab provider, Long Beach Yellow Cab (LBYC), is in full compliance with the terms of their existing permit and the number of taxicabs authorized to operate within their fleet is sufficient for the needs of the City, and to allow for changes in vehicle appearance. In addition, authorization is requested to extend the terms of the Taxi Regulation Modernization Pilot Program (Pilot Program) for a period of 12 months to allow LBYC to remain competitive among Transportation Network Companies (TNCs), such as Uber and Lyft. Although service is similar in nature, in Long Beach they operate on fundamentally different business models, with taxicabs facing stricter local regulatory standards. Extending the Pilot Program will allow LBYC the continued flexibility to operate under similar regulatory standards to TNCs.

In May 2000, the City Council adopted Resolution C-27694, closing the time period for the filing of taxicab applications until specifically opened by the City Council. This Resolution requires that the City Manager conduct an investigation into the public convenience and necessity regarding taxicab service every two years 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. Pursuant to the Resolution, new authorized taxicab slots shall be offered first to the current taxicab permittee, provided the permittee is in full compliance with all terms of the permit and the Long Beach Municipal Code (LBMC).

On June 9, 2015, the City Council amended LBMC Section 5.80.400, establishing the Pilot

Program. The Pilot Program was adopted to ensure the public was provided with a broad range of economically competitive, safe, reliable, accessible and technologically innovative transportation options from the current taxicab provider, Long Beach Yellow Cab. The Pilot Program allows vehicles in the LBYC fleet to be subject to separate regulations, which include the use of: (1) Variable, demand-based rates; (2) Smart phone/internet based electronic application; (3) Hail-a-Cab Zones; and, (4) Expedited Driver Activation. The City Council may, after evaluation of the information, recommend expanding the Pilot Program, amending the Pilot Program conditions, extending the Pilot Program duration, or terminating the Pilot Program based upon its determination of the best interests of the City.

### **Investigation into the Public Convenience and Necessity**

City staff conducted an investigation into the public convenience and necessity regarding taxicab service (Attachment A). The investigation finds LBYC is providing satisfactory service to both resident and non-resident taxicab customers, and the number of taxicabs authorized to operate in the City is sufficient.

The investigation conducted by City staff included four steps of review. First, City staff reviewed the complaints received from the taxicab customer service complaint hotline to identify any public concerns. Second, a taxicab customer service survey was performed in February 2017 and March 2018 to determine the quality of taxicab service provided in the City. The survey was distributed by email and in person to employees of 24 businesses and area associations who are responsible for contacting taxicabs for their customers at various hubs in the City (Attachment B). The survey results are included as Attachment C. Third, the Department of Financial Management, Fleet Services Bureau, conducted the annual Taxicab, Auto-for-Hire Inspection process January 9-11, 2018, and performed 157 inspections on LBYC vehicles at their facility in Gardena, CA. During the inspection, City staff checked for valid taxi driver regulatory permits and the posting of the required sign with the City of Long Beach customer service phone number for inquiries and complaints. Lastly, LBYC performed their own analysis of supply and demand for taxicab service in Long Beach and requests that no change be made to the number of taxicabs authorized to operate in their fleet, as their current fleet is meeting the demands of the City.

Based upon the investigation, City staff has concluded that LBYC is meeting the public convenience and necessity for taxicab service in the City. LBYC is currently operating 157 out of 199 authorized taxicabs, reflecting the current demand for taxicab service in the City. Quality in taxicab service has not decreased. LBYC continues to operate a compliant, clean fleet while maintaining the same level of customer service in previous years.

### **Evaluation of Taxi Regulation Modernization Pilot Program**

City staff (Staff) also conducted an evaluation into the effectiveness of the Pilot Program (Attachment D). The evaluation finds that the Pilot Program regulations are beneficial to LBYC and its customers, however, the Pilot Program should be extended to continue to

gather data on its effectiveness and perform further evaluation.

The Pilot Program was evaluated based upon a letter submitted by LBYC on February 28, 2018 (Attachment E), and the Pilot Program Report submitted by LBYC (Attachment F). First, LBYC submitted a letter to the City detailing the company's current fiscal position, improvements made in its operations, and requests for the City Council's consideration. The letter was provided for the Biennial Review on the Public Convenience and Necessity for Taxicabs and to provide an update on the success of the Pilot Program. Based on the letter, Staff recognizes the challenges faced by LBYC as a result of the increase in TNCs and also recognizes the Pilot Program regulations allow LBYC the flexibility to be competitive in the TNC-driven market. Second, LBYC provided available monthly data on increases and decreases in ridership, use of mobile applications and websites, and availability of fare notices. Additional information regarding the flexible tipping feature, use of promotions and discounts, and customer complaints is also included.

Staff has met and spoken periodically with LBYC regarding the Pilot Program. Communication with LBYC is ongoing in an effort to further improve the regulations of the taxicab industry in Long Beach. LBYC suggested Staff re-evaluate the current taxicab ordinance in its entirety. Continuation of the Pilot Program will allow staff to work with LBYC to review for potential recommended changes to the taxicab ordinance and regulations while allowing LBYC the continued flexibility to operate under the current Pilot Program conditions.

### **LBYC Requested Changes**

LBYC has requested the following changes to their existing permit:

1. Taxicab vehicle branding - LBYC provided draft proposals for a new logo change and vehicle branding (Attachment G). The proposed change would allow removable, non-destructive branding on the vehicle and allow for vehicles with factory paint of varying colors to operate within the fleet.

Staff recommends City Council's support of this change allowing LBYC to re-brand its logo to "RideYellow Long Beach" and to allow taxicab drivers, who own their own vehicles and pay a weekly fixed operating lease to LBYC, to use vehicles of different, pre-approved factory colors. A taxicab operating with factory colors and removable branding would preserve the vehicle's value after it has retired from the taxicab fleet.

2. Insurance requirements - Due to operating costs, LBYC requests the required insurance limits on its vehicles be revised back to their prior policy limits.

City staff is looking into this issue and will work with LBYC and the City's Risk Management Bureau to explore options and formulate a recommendation to present to the City Council as a separate item, as appropriate.

Also requested was a review of the City's taxi regulations in their entirety with recommendations that would support LBYC's ability to remain competitive in the current TNC-driven market. Staff anticipates returning with additional proposed changes for the City Council's consideration to update the requirements of the LBMC. These changes will allow LBYC to operate on a competitive basis while ensuring the City and its residents are provided fair value and market-leading features for this essential service.

## **Recommendations**

- Allow LBYC to re-brand its logo to "RideYellow Long Beach", allow for light, non-destructive branding on the vehicle, and allow for vehicles with factory paint of varying colors to operate within the fleet.
- Find that LBYC is operating in full compliance with terms and conditions of their existing permit.
- Keep the period for the filing of taxi permit applications closed given that the current number of permits authorized in the City is sufficient.
- Extend the Pilot Program for an additional 12 months to allow LBYC to operate under the current pilot program regulations while working with City staff to identify additional potential changes to the current taxicab ordinance.

## **SUSTAINABILITY AND TECHNOLOGY**

LBYC is continuing to support efforts to promote environmentally sensitive business and lifestyle practices. LBYC has fully implemented their "green" taxicab fleet. Most of the taxicabs in their fleet are either compressed natural gas (CNG) or hybrid-powered vehicles. Currently, there are 138 hybrids or CNG-powered taxicabs in service. The remaining 19 vehicles are minivans or wheel-chair accessible minivans, which are exempt under the LBYC "green" fleet program.

Additionally, several technological enhancements to improve service delivery and customer experience in 2017 have been implemented. Safety cameras in all 157 vehicles in the fleet have been updated to ensure the safety of passengers and drivers. All dispatch hardware was upgraded to Samsung tablets on the Verizon network and all credit card processing equipment was changed to VeriFone's Marquee terminals, which are typically familiar to consumers from retail stores. LBYC reports that it is one of the few taxicab providers in the industry to own its own technology center and be in control of the technology inside and outside the vehicle.

This matter was reviewed by Deputy City Attorney Amy R. Webber on April 16, 2018 and by Budget Management Officer Rhutu Amin Gharib on April 13, 2018.

City Council action on this item is not time critical.

LBYC paid their annual business license tax of \$85,820 due January 1, 2018. The business license tax was deposited in the General Fund (GF) in the Financial Management Department (FM). Additionally, Long Beach Yellow Cab Co-Operative, Inc., has also paid \$20,400, which was deposited in the Fleet Services Fund (IS 386) in the Financial Management Department (FM) as a full-cost recovery reimbursement to the City for City-incurred charges related to the three-day Taxicab, Auto-for-Hire Inspection process.

Approve recommendation.

JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST  
CITY MANAGER