



CITY OF LONG BEACH

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DEPARTMENT OF FINANCIAL MANAGEMENT

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May 12, 2015

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 and conclude the hearing; find that the number of authorized taxicabs is insufficient 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; and, authorize the City Manager to amend the permit with LBYC to authorize operation of 199 cabs, approve a requested change in trade dress, and allow for discounted fares to ensure the customer base is offered the most competitive pricing. (Citywide)

DISCUSSION

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. 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. 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).

City staff has conducted an investigation into the public convenience and necessity regarding taxicab service for the two-year period ending December 31, 2014. The investigation finds that LBYC is providing satisfactory service to both resident and non-resident taxicab customers.

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 November 2014 to determine the quality of taxicab service provided

in the City. The survey was distributed by email, and in person, to employees 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, the Department of Financial Management, Fleet Services Bureau, conducted the annual Taxicab, Auto-for-Hire Inspection process on January 20, 21, and 22, 2015, and inspected 171 taxicabs at the LBYC facility in Gardena, CA. During these three days of inspections, 30 taxicabs 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. The 30 taxicabs were later re-inspected; the deficiencies were remedied, and the taxicabs passed the final inspection. As a result, all 171 taxicabs were compliant with the requirements of the inspection process. Third, during the Auto-for-Hire Inspection on the taxicabs, City staff checked 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 addition, in an effort to improve service delivery, LBYC completed the installation of the Taxi Magic Passenger Information Monitors (PIM) in the back seat of all 171 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. LBYC is the first taxicab fleet in Southern California to have implemented this technological enhancement.

LBYC is authorized to operate 175 taxicabs. The number of taxicabs operating in Long Beach in 2015 is 171, up from 165 in 2014 and 162 in 2013. LBYC has requested to increase the number of taxicabs they are authorized to operate in the City from 175 to 199. LBYC is the only authorized taxicab service in Long Beach. The request is supported by the increase in customer volume, as evidenced by the Transient Occupancy Tax (TOT) increases. Staff supports this recommendation.

In addition, LBYC has requested two additional changes:

1. Taxicab logo change – LBYC provided draft specifications for a revised decal and logo change to the taxicabs in their fleet. With the addition of a Long Beach decal, staff recommends City Council's support of this change allowing LBYC to re-brand its unique identifying insignia and distinguish themselves amongst competing services.
2. Ability to provide discounted fares – In response to market trends, LBYC proposes that it be allowed to provide discounts, and even free fares, as a marketing and outreach effort. Staff recommends this change as it is beneficial to Long Beach customers and allows LBYC to encourage existing customers to add additional trips and incentivize new users to use the service.

Staff has discussed these items with LBYC, and believes these changes, as proposed, meet the needs of the City and benefit the City and the users of the service.

Staff anticipates returning with additional proposed changes for the City Council's consideration to update the requirements of the LBMC to allow LBYC to operate on a competitive basis while continuing to ensure the City and its residents are provided fair value and market-leading features for this essential service.

SUSTAINABILITY

LBYC is continuing to support efforts to promote environmentally sensitive business and lifestyle practices. In supporting these practices, the Yellow Cab Co-Op 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. LBYC maintained their commitment to greening their taxicab fleet. With the 171 total number of taxicabs operated in the City, the requirement that 100 taxis must employ "green" technology as those units come up for replacement is obligated. Currently, there are 110 hybrids or CNG-powered taxicabs in service.

LBYC's fleet of 171 taxicabs includes minivans that are exempt from this plan. Currently, minivans with the appropriate specifications are not offered with either CNG or a gasoline-electric hybrid form, and minivans can only make up 25 percent of the entire fleet.

This matter was reviewed by Deputy City Attorney Amy R. Webber on April 29, 2015 and by Budget Management Officer Victoria Bell on April 23, 2015.

TIMING CONSIDERATIONS

City Council action on this item is requested on May 12, 2015 to allow Long Beach Yellow Cab to implement their proposed changes by Long Beach Pride Parade weekend, May 16-17, 2015.

FISCAL IMPACT

LBYC paid their annual business license tax of \$79,185.15, due January 1, 2015. 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 \$18,975 as a full cost recovery reimbursement to the City for City-incurred charges related to the three-day Taxicab, Auto-for-Hire Inspection process.

HONORABLE MAYOR AND CITY COUNCIL

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:JM:SMC:JRR
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APPROVED:



PATRICK H. WEST
CITY MANAGER