

**STAFF REPORT TO THE CITY COUNCIL
ON THE PUBLIC CONVENIENCE AND NECESSITY
REGARDING TAXICAB SERVICE
SEPTEMBER 28, 2004**

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. The second such report is due in October 2004 and should contain 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. This report examines the taxicab service being provided to both resident and transient taxicab customers. 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 *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 eleven 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 September 1999 and August 2002 was made in September 2004 to determine if there has been a change in the quality of taxicab service provided 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 seven complaints received from Long Beach customers. They are summarized in the attachment. These seven complaints were all referred to Long Beach Yellow Cab for satisfactory resolution. These customers never called back. The seven 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 16 locations completing the survey, all but one gave the present taxicab service at least an overall satisfactory rating, with the median rating being "superior." In evaluating timeliness, cleanliness, courtesy, and complaints, at least 85 percent of those surveyed awarded a rating in the highest two scores in these areas. These scores compare favorably with the survey results from 2002 and 1999. From two years ago, no rating decreased, while the ratings for courteousness and overall service improved. The results of the September 2004 Survey are attached, with the last three surveys summarized in the table below.

	2004 Rating*	2002 Rating	1999 Rating
Timely	Often	Often	Constantly
Clean and Professional	Often	Often	Often
Courteous	Constantly/Often	Often	Often
Received Complaints	Seldom	Seldom	Seldom
Overall Rating	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 September 27, 2004 (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. 2004 Customer Service Survey
3. Long Beach Yellow Cab letter, September 27, 2004

**SUMMARY OF TAXICAB HOTLINE CALLS
October 2002 – September 2004**

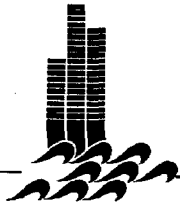
Since the taxicab company is named Long Beach Yellow Cab, we receive telephone calls from taxicab passengers in surrounding cities. While Long Beach Yellow Cab does operate in surrounding cities, it is each city's responsibility to regulate taxicab operations within their City. The City of Long Beach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

Calls from customers outside Long Beach

- 6-18-03: From Paramount to Lakewood Hospital: driver did not know location of Lakewood Hospital.
- 11-27-03: Lakewood resident: Long Beach Yellow Cab does not like to come to Lakewood for pickup. Requires long wait and several phone calls.

Calls from Long Beach taxicab customers

- 2-3-03: Rear seat belt on Cab #1153 not working. Rear seat belts are not a requirement for taxicabs, but driver allowed passenger to ride in front with operational seat belt. Passenger complained of erratic driving.
- 2-13-03: Fast meter on Yellow Cab #1161.
- 10-22-03: Taxi honked for passengers where there is a sign posted "No Honking." Meter was already running when passenger entered cab.
- 2-3-04: Pickup from Long Beach Airport, Cab #1126: passenger requested to go to Metro stop at Del Amo Blvd. Instead, was taken on \$35.00 cab ride on 405 freeway. Customer refused to pay
- 4-7-04: Senior housing complex at corner of Linden and 5th Street. Many times the cab is late or does not show up. Senior citizens are dependent on good taxi service.
- 4-25-04: Called for cab five times; eventually told there was no cab available.
- 5-5-04: Queen Mary pickup. Driver charged \$49.00 flat rate.



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard Long Beach, CA 90802

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
II	III	I		

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

▽

Constantly	Often	Occasionally	Seldom	Never
	III	II		I

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

▽

Constantly	Often	Occasionally	Seldom	Never
III				

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

▽

Constantly	Often	Occasionally	Seldom	Never
	I	II		III

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

▽

Outstanding	Superior	Satisfactory	Poor	Unsatisfactory
	II		I	

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)
Golden Sails Hotel
Sea Port Marina Hotel
Guesthouse Hotel
Holiday Inn Express
Residence Inn
Long Beach Airport Holiday Inn
Long Beach Hilton
Queen Mary
Long Beach Aquarium
Long Beach Airport
Greyhound Bus Station
Catalina Cruises

Survey Comments (no particular order)

- Some customers feel that they are overcharged.
- Drivers need a bath.
- It not a long distance, drivers don't want to take fair.
- Charged customer a flat rate. (Not allowed in Long Beach; fair must be based on taximeter.)
- Drive too fast.
- Driver did not help with luggage.
- Driver sped off hazardously, when passenger took another cab.



September 27, 2004

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 to Anthony M. Palmeri of September 3, 2004 offering to consider the input of Long Beach Yellow Cab on the issue of whether the current authorization of 175 taxicab permits in Long Beach is sufficient to meet the City's needs. Since this matter will significantly impact the livelihoods of all of our drivers, we appreciate your consideration of our views on the subject.

In this letter, we will detail the reasons why we believe that the City's currently authorized fleet of 175 vehicles is sufficient and should not be increased at this time.

Before I explain further, I wanted you to know why we believe that Long Beach Yellow Cab is truly Long Beach's local taxicab company. Nearly 60% of our drivers are residents of the City of Long Beach and the owners of 55% 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.

153 out of 175 Authorized Vehicles in Service

As you will recall, two years ago the City granted our request to increase our fleet from 125 authorized vehicles to 175 authorized vehicles. This was the first increase in the City's fleet since well before our organization converted to a cooperative in 1998. Significant facts that were weighed by the City and ourselves in 2002 included the opening of the Carnival Cruises terminal next to the Queen Mary and the expansion of passenger airline operations at Long Beach Municipal Airport.

Since the City's decision to allow us to increase our fleet, we have been able to place into service 28 of the 50 newly authorized vehicles. We hope that the City will

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recognize that the 22% increase in our fleet over two years could only have been achieved through our own success at delivering our product, coupled with new sources of business at the airport, the cruise terminal and our subcontract with the Access Services provider for the Long Beach area. We are proud of these accomplishments, especially considering that the economy for the regional taxicab industry has been soft since 1999.

London Taxis: One Example of Our Investment in the City

Most City residents know by now that Long Beach Yellow Cab is operating a small fleet of London Taxis. In fact, 5 of the 28 new taxicabs that we have placed into service in Long Beach are London Taxis. You should know that each of these vehicles cost over \$50,000 to purchase new, which compares to a price of approximately \$7,000 that we typically pay for a used California Highway Patrol car for use as a taxicab.

We have made this investment in our business and in the City because we wanted to bring a higher profile to the City and to our company. The London Taxis tie in nicely with the Queen Mary and other promotional opportunities for the City.

There are several other areas in which Long Beach Yellow Cab continues to contribute to the community. For example, the principals of our company have made significant contributions to or have been actively involved with local charitable organizations including 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

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about three minutes between when the taxicab has arrived to provide transportation and when the meter is turned on.

From January to August 2004, Long Beach Yellow Cab serviced over 80.2% 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.

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.

Computerized Dispatch Equipped with GPS Technology

We attribute our excellent performance in Long Beach to the fact that, over the years, we have continually upgraded our technology, consistently staying ahead of any other taxicab company in the region. Nearly 10 years before any other taxicab company in Los Angeles County had computerized dispatch, we co-developed our own computerized dispatch system with Motorola, which allowed us to deliver taxicab orders to taxicabs instantly. We eventually bought out Motorola's interest in this system and have continually invested in it and upgraded it with our own in-house software engineering staff.

Approximately two years ago, we upgraded our system again. Our dispatch system now dispatches nearly all calls to the closest taxicab utilizing Global Positioning System (GPS) technology. The result is response times that are simply unachievable unless a company uses a computerized dispatch system with GPS.

Today, Long Beach Yellow Cab operates the most advanced computerized dispatch system in the country. We know this because we also operate the latest and best version of our competitors' dispatch system for one of the other fleets we manage, Yellow Cab of Los Angeles. After working with that system for a year, we know that there really is no comparison.

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Long Beach Airport

Over the last two years, we have also taken the initiative at Long Beach Municipal Airport to develop a program that restricts the number of taxicabs that can work at the 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 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.

Customer Complaints

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

To explain more about our business, from January through August 2004, Long Beach Yellow Cab provided service to 351,000 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 eight-month period to exceed 600,000 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.

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Balancing the Number of Cabs to Driver Demand

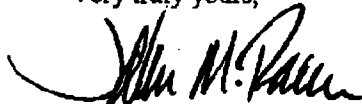
When we analyze whether more cabs are needed, after looking first at customer service, we review recent history, looking at how many cabs we have available on the lot waiting for drivers and, conversely, how many drivers we have waiting for a cab to become available to drive.

Remarkably, over the last year, the balance between drivers and taxicabs has remained constant. Over the last two years, we have almost never had more than one or two taxicabs available for lease on the lot, while, on the other hand, we have never had more than three drivers awaiting a taxicab to lease.

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