

OFFICE OF THE CITY MANAGER

June 10, 1999

**TO:** City Council  
**FROM:** City Manager  
**SUBJECT:** Taxicab Regulation

At its June 2<sup>nd</sup> meeting the Business Enterprise Committee endorsed the staff recommendations outlined in the attached report. These recommendations are intended to protect consumers of taxicab service and provide for fair competition amongst reputable taxicab operators.

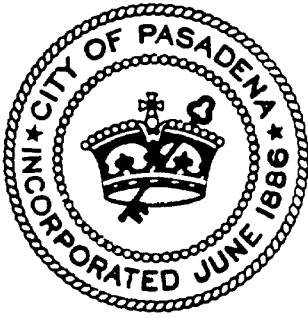
Nonetheless, the current taxicab operators maintain that without the reestablishment of "needs and necessity" regulation, which is not one of staff's recommendations, the quality of taxicab service in the City of Pasadena has been deteriorating and will continue to do so. Further, that there is an oversupply of taxicabs in the City already and the return on investment for existing operators continues to diminish as a result.

The Business Enterprise Committee proposes a ninety (90) day extension of the recent moratorium on the issuance of taxicab owner's permits, in order to maintain the status quo while the new City Council has sufficient time to familiarize itself with the subject of needs & necessity regulations. This period would also afford the existing operators an opportunity to bring forth any additional information that may assist the Council in its deliberations.

A handwritten signature in cursive script, appearing to read "Cynthia J. Kurtz".

CYNTHIA J. KURTZ  
City Manager

06/14/99  
5.A.(1)



# Agenda Report

**TO:** BUSINESS ENTERPRISE COMMITTEE      **DATE:** JUNE 2, 1999  
**FROM:** CITY MANAGER  
**SUBJECT:** TAXICAB REGULATION

## RECOMMENDATION

It is recommended that the City Council direct the City Attorney to prepare changes to the City of Pasadena's Taxicab Ordinance 6465, Chapter 5.72 of the Pasadena Municipal Code that establish minimum fleet size and 24-hour centralized radio dispatch requirements for all taxicab permittees, as well as provisions allowing rooftop advertising on taxicabs.

## BACKGROUND

Ordinance No. 6770, enacted in November 1998, established a six-month moratorium on the issuance of vehicle owner's permits for the operation of vehicles for hire. The purpose of the moratorium was to preserve the status quo while staff was provided an opportunity to address issues raised by local taxicab operators at previous BEC meetings concerning the state of taxicab service in Pasadena. These issues included:

- Lack of parking spaces for taxicabs, particularly in Old Pasadena
- Lack of access to Old Pasadena on weekend nights as a result of police street closures
- The need for additional taxicab stands
- The need for increased enforcement to prevent non-permitted "gypsy" taxicabs from operating in the City
- The establishment of "exclusivity" agreements between local hotels and certain taxicab operators

The Public Works and Transportation Department considered those issues which are operational in nature. As a result, the following have been identified as potential means to assist taxi operators in Old Pasadena.

Staging Areas. Currently, parking spaces are available for monthly rental in both the Holly Street Garage as well as the Unified parking lot on Arroyo Parkway at Del Mar. Were the taxi operators to rent these spaces, they could serve as staging areas for Old Pasadena.

Direct Dial Phones. Direct dial telephones for people to contact taxi operators when in need of a taxicab could be installed in City garages. The associated cost would have to be borne by the taxi operators.

Taxi Stands. Taxi stands could be established at night in loading zones at the following locations:

- DeLacey north of Colorado going northbound
- DeLacey north of Colorado going southbound
- Fair Oaks north of Holly going northbound (Marriott Hotel)
- Arroyo Parkway north of Colorado going northbound
- Arroyo Parkway north of Colorado going southbound
- Raymond at the Armory Center going southbound
- Raymond at the Senior Center going northbound
- Dayton at the Castle Green going eastbound
- Dayton at the Castle Green going westbound

These taxi stands would be made available for rent by taxicab companies and would be in service seven days a week from 6 p.m. to 2 a.m. Based on these hours of operation, the cost of a stand, which comprises two spaces, would be \$16 per night. No cab company could occupy more than two zones, unless no other company wanted the zone. Permits would be issued annually, similarly to valet use permits, and would be revocable for cause.

Two other issues, lack of access to Old Pasadena on weekends and enforcement against non-permitted taxicabs, were referred to the Police Department. The lack of access to Old Pasadena is a function of the on-going traffic congestion in the area on weekends and the Police Department's efforts to maintain proper traffic flow. Taxicabs are not being restricted from the area anymore than other vehicles; however, it is recognized that the current situation prevents taxicabs from "cruising" the area in search of fares. The Police Department is currently studying various approaches to address the traffic problem in Old Pasadena. It should be noted that street closures are limited to peak hours only and typically do not exceed ninety minutes in duration. It is expected that whatever plan is finally put into place will improve the situation for taxicab operators.

With regard to enforcement, over the past two years the Police Department has on three occasions assigned its ten traffic officers to check taxicabs to ensure they are properly permitted. Although no statistics are available, the Police Department has indicated that such checks have yielded few unpermitted taxicabs. Moreover, given the competitive environment taxicabs operate in, it has been the Police Department's experience that taxicab operators are diligent in reporting violations of the taxicab ordinance by other operators, thus aiding in enforcement efforts.

In addition, subsequent to the establishment of the moratorium a meeting was held between city staff, including the City Manager, and representatives of the local taxicab operators. The purpose of the meeting was to determine what specific additions and/or modifications to the existing taxicab regulations the operators desired. After some discussion, the taxicab operators offered to formulate a written proposal.

In February, City Cab on behalf of all taxicab operators submitted proposals concerning the following:

- Revision of the existing regulations to permit the placement of rooftop advertising signs on taxicabs
- The establishment of an annual “window” for the filing of taxicab operator permits and the creation of a Hearing Officer to oversee the permitting process to be funded by fees paid by existing and would-be operators
- The possible increase in permit fees in order to provide stronger regulatory oversight
- The reestablishment of the “needs and necessity” provision, whereby those seeking to operate taxis in the City would be required to evidence a need for additional taxi service

Rooftop Advertising. Staff has reviewed these proposals and recommends the modification of the existing regulations to allow for rooftop advertising, provided such advertising is within the spirit and intent of City policy concerning outdoor advertising of alcohol and tobacco products. It should be noted that several taxicabs operating within the City have already installed rooftop advertising despite being advised that such signs are prohibited by the current regulations.

Hearing Officer. The establishment of a “window” for submitting permit applications as well as a Hearing Officer to oversee the permitting process would be useful in the event the City reestablishes the “needs and necessity” regulation. Staff does not recommend such, the reasons for which are elaborated below. As such, the current regulations are best handled administratively with existing City resources.

Needs and Necessity. Staff does not recommend reestablishing the “needs and necessity” provision. No empirical evidence was presented or is available to support the assertion made by existing owners that service would be enhanced or improved for residents or consumers by, effectively, closing the market to further competition. The Department of Finance, Municipal Services Division reports a significant reduction in the number of complaints by residents/consumers since the “needs and necessity” requirement was abolished several years ago. Conversely, in previous years when the “needs and necessity” regulation was in place, the City received numerous complaints regarding the condition of taxicabs, response time and the failure to provide service to some residents as well as certain areas of the City.

Staff previously considered the reestablishment of the “needs and necessity” regulation in a report to the BEC in May 1998. In formulating that report, staff compared Pasadena’s market conditions with those of several other cities analyzed in studies provided to the City by the taxicab operators. And, while market conditions invariably differ from city to city, the studies found that cities comparable to Pasadena’s size and without significant airport activity nor much cabstand business such as Pasadena, were well served without “needs and necessity” regulations.

Nevertheless, these same studies found that the largest threat to the stability of the taxicab market regardless of city size, are independent owner-operators who seek business by

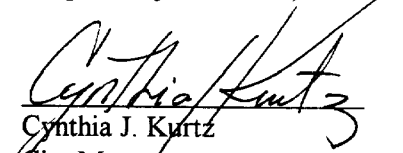
“cruising” or staking-out airports, hotels and cabstands that operate on a first-in, first-out basis. It should be noted that the impact of independent owner-operators was significantly less in cities such as Pasadena, where taxicab service is dominated by centrally dispatched calls. In fact, research indicated that many independent owner-operators do not bother to invest in radio dispatch systems.

In order to diminish the impact of independent owner-operators, many cities comparable to Pasadena have instituted minimum standards aimed at raising the barrier to market entry. Typically these minimum standards include vehicle age limits, central radio dispatch and minimum fleet size. Presently, the City sets vehicle age limits but has no regulation concerning central radio dispatch or minimum fleet size. Staff recommends introducing such regulations as a means of safeguarding the local market. Staff believes that the addition of these regulations is sufficient to protect consumers and provide for fair competition amongst reputable operators.


#### FISCAL IMPACT

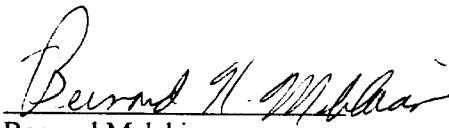
There is a negligible fiscal impact associated with modifying the current regulations as recommended.

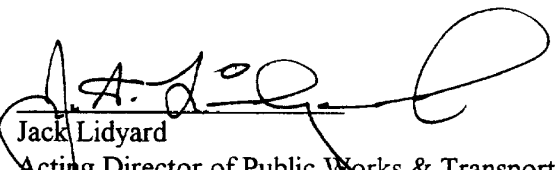
Respectfully submitted,

  
Cynthia J. Kurtz  
City Manager


Approved by:

  
Jay M. Goldstone  
Director of Finance

  
Bernard Melekian  
Police Chief

  
Jack Lidyard  
Acting Director of Public Works & Transportation

Prepared by:

  
Steve Mermell  
Purchasing Administrator

Attachments: Taxicab Operators' Proposal to the City, dated Feb. 4, 1999  
Staff Report to BEC regarding Taxicab Regulation, dated May 20, 1998