

Agenda Report

TO: CITY COUNCIL August 19, 1998

VIA: Business Enterprise Committee

FROM: Acting City Manager

SUBJECT: Establishment of Temporary Taxicab Permit Moratorium

RECOMMENDATION:

It is the recommendation of the Business Enterprise Committee that the City Council direct the City Attorney to prepare an ordinance, or amendment to the existing ordinance, which imposes a temporary moratorium on the issuance of taxicab permits.

BACKGROUND:

In September 1996, the Business Enterprise Committee (BEC) requested the City's Transportation Advisory Committee (TAC) to review and make recommendations regarding taxicab regulation. As part of this review, the TAC was asked to consider implementation of "needs and necessity" regulation, whereby those seeking to operate taxis in the City would be required to evidence a need for additional taxi service.

In response, the TAC held a public hearing, consulted with various City staff and counterparts in the cities of Burbank and Glendale, as well as considered a number of studies and reports provided by local taxicab operators. The TAC reported back to the BEC in June 1997. Although the TAC did not recommend the inclusion of "needs and necessity" regulation in the City's taxicab service ordinance, it did make several recommendations aimed at improving the quality of taxicab service within the City. These recommendations included requiring taxicab operators to provide at least one wheelchair accessible taxicab for every twenty cabs in their fleet and establishment of maximum vehicle age and mileage standards. The BEC accepted these recommendations which were forwarded to and approved by the City Council in June 1997. At that time, the issue of establishing "needs and necessity" regulation was left open and staff was requested to re-examine the issue.

Accordingly, on June 17, 1998 staff returned to the BEC. The latest report concluded that there does not appear to be an oversupply of taxis in the City of Pasadena or that the citizenry would benefit from the re-establishment of "needs and necessity" regulation. Nevertheless, while the report concluded that at present the local taxicab market is not burdened by oversupply, it acknowledged that such a situation may arise, resulting from expanded economic development and recommended that additional curbs on market-entry be implemented.

Following presentation of the report, the BEC heard testimony by a large number of local taxicab operators. It was the unanimous position of the operators that the City currently has an oversupply of taxicabs. In addition, several other operational issues were raised including:

- Lack of parking spaces for taxicabs, particularly in Old Pasadena – the possibility of providing space in City-owned parking structures was discussed.
- 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 operational issues have been referred to Public Works and Transportation who in concert with the appropriate parking commissions will report back to Council at a future date.

In addition to the concerns mentioned above, the operators drew attention to the fact that taxicab regulations in neighboring cities have a direct impact on market conditions in Pasadena. For example, market entry is restricted in the City of Los Angeles. All but one of the firms currently operating in Pasadena is not authorized to operate in Los Angeles. Therefore, while existing Pasadena operators may take a passenger from Pasadena to the Los Angeles airport, they are restricted from bringing a passenger back from the airport to Pasadena. Conversely, at present there is little to prevent Los Angeles operators from obtaining a permit in Pasadena, thereby enabling them to take advantage of fares unavailable to current Pasadena operators, thus placing existing operators at a competitive disadvantage.

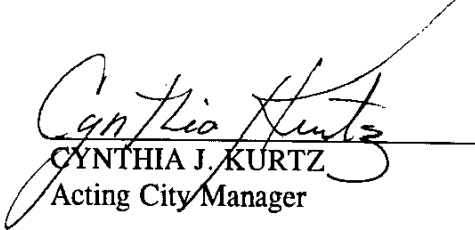
Additionally, the existing operators point out that since the City does not regulate fares, there is nothing to prevent a firm with sufficient resources from undercutting existing operators by providing service at or below cost, thus eliminating competition only to raise fares later.

These factors make it difficult, if not impossible, for existing operators to continue to provide quality service for Pasadena residents, businesses and visitors. Moreover, they contribute to the complexity of designing appropriate regulations. Therefore, it is recommended that a temporary moratorium on the issuance of new taxicab permits be instituted until such time as the City Council receives and takes action on future permit restrictions to ensure fair market conditions.

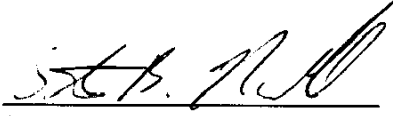
FISCAL IMPACT:

The City cost associated with instituting a temporary moratorium on new taxicab permits is negligible.

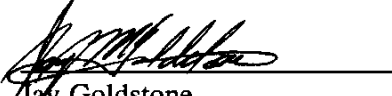
Respectfully submitted,


CYNTHIA J. KURTZ
Acting City Manager

Prepared by:


Steve Mermell
Purchasing Administrator

Approved by:


Jay Goldstone
Director of Finance

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