

**City of Culver City, California
Agenda Item Report**

Meeting Date: 07/25/2011	Item Number: <u>PH-2</u>
CITY COUNCIL AGENDA ITEM: PUBLIC HEARING – Consideration of (1) Applications from All Yellow Taxi, Inc. and TMAP Corp. dba Taxi! Taxi! to Obtain Taxi Business Operating Permits in Culver City and (2) a Request from Culver City Yellow to Increase Their Number of City Decals from 20 to 30.	
Contact Person/Dept.: Jeff Muir, Finance Phone Number: (310) 253-5865 Department	
Fiscal Impact: Yes ☒ No ☐ General Fund: Yes ☒ No ☐	
Public Hearing: ☒ Action Item: ☐ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒ Date: _____	
Public Notification: Notice was published in the Culver City News on July 14, 2011; (E-mail) All Yellow Taxi, Inc., TMAP Corp. dba Taxi! Taxi!, United Independent Taxi, Beverly Hills Cab Co., Independent Cab Co., Culver City Yellow Cab, A Taxi Cab, Culver City Chamber of Commerce (07/21/11); Meetings and Agendas – City Council (07/20/11).	
Department Approval: Jeff Muir (07/18/11)	City Attorney Approval: Carol Schwab (by H. Baker) ()
Chief Financial Officer Approval: Jeff Muir (07/18/11)	City Manager Approval: John M. Nachbar ()
<u>RECOMMENDATION:</u> Staff recommends that the City Council consider (1) the applications of All Yellow Taxi, Inc. and TMAP Corp. (dba Taxi! Taxi!) to obtain taxi business operating permits in Culver City, and (2) a request from Culver City Yellow to increase their number of authorized permits. <u>PROCEDURE:</u> 1. Mayor calls on staff for a brief staff report and City Council poses questions to staff as desired. 2. Mayor seeks a motion to open the public hearing, providing the applicants the first opportunity to speak, followed by the general public. 3. Mayor seeks a motion to close the public hearing after all testimony has been presented. 4. City Council discusses the matter and arrives at its decision. <u>BACKGROUND:</u>	

City of Culver City, California
Agenda Item Report

The Culver City Municipal Code (CCMC) Chapter 11.10 provides the regulations and requirements for taxi businesses providing services within the City. In order to pick-up passengers within Culver City, a taxicab company must obtain a taxi business operating permit (Taxi Business Permit). Once the Taxi Business Permit is obtained, all drivers for that company that will operate within the City must obtain a taxi driver permit (Driver Permit) annually. In addition to the Taxi Business Permit and Driver Permit, each taxi vehicle operated within the City is required to obtain and display a valid City Decal. Currently, the Finance and Police Departments coordinate the annual renewal and issuance of the Taxi Business Permits, Driver Permits, and City Decals.

Once issued, a Taxi Business Permit is automatically renewed each year as long as the company pays its annual fees. In order to be granted an initial Taxi Business Permit, the CCMC requires that a completed application be submitted, an investigation and report be compiled about the application, and a hearing before the City Council be held, at which time the City Council may approve, approve with conditions, or deny the application. Approval of the application requires the City Council to make findings as to whether the public convenience and necessity require additional taxicab service.

At the time of consideration of the Taxi Business Permit application, the City Council may also decide how many taxicabs the company may operate in the City. This is done by issuing each company a specific number of City Decals.

The City currently has 5 taxicab companies with a valid Taxi Business Permit. These companies along with their start dates and the number of City Decals they hold are as follows:

Company with Taxi Business Permit	Number of City Decals Held	Start date in Culver City
United Independent Taxi Drivers Inc.	120	April 1, 1996
Beverly Hills Cab Company	60	January 1, 1993
Independent Taxi Owners Association	50	June 23, 1997
Culver City Yellow	20	January 1, 2005*
A White and Yellow Taxicab Inc.	15	January 1, 2000

**Reflects new start date after a change in ownership.*

These 5 companies currently have a total of 265 City Decals amongst them, of which 112 are currently being utilized.

City of Culver City, California
Agenda Item Report

Two additional taxicab companies have submitted completed Taxi Business Permit applications and paid the associated fees. All Yellow Taxi, Inc. has requested to receive thirty City Decals to operate taxicabs within the City and TMat Corp. (dba Taxi! Taxi!) has requested to receive seventy-five City Decals. Additionally, Culver City Yellow has requested to increase their number of City Decals from twenty to thirty.

DISCUSSION:

In 2010, staff from the departments of Finance, Police, Public Works, Community Development, Parks and Recreation and the City Attorney's Office met to discuss the taxicab application process, which also included a discussion of the adequacy of existing service within the City.

It is difficult to make a definitive statement as to whether the existing number of taxicabs permitted is adequate in serving the City. One measure of the level of service is the level of complaints received by the various City departments that have dealings with the different stakeholder groups that utilize taxicab services. At the 2010 meeting, no staff members were aware of complaints from the public as to the level of service or unusually long wait times. Additional outreach was done to the main hotels within the City, the Downtown Business Association, the Chamber of Commerce and the Senior Center. Again no feedback was received that would indicate the current level of taxi service in the City is inadequate.

Staff also requested reports from the companies that are currently operating within the City as to their response time from the original call by the customer. The Dispatch Reports for the period January through June 2011 indicated that the taxicabs arrived at the callers' requested pick-up point as follows:

- Culver City Yellow and United Independent Taxi Drivers arrived within fifteen minutes of the call 63% of the time.
- Beverly Hills Cab arrived within twenty minutes of the call 91% of the time.
- Independent Taxi Owners Association arrived within twenty minutes of the call 86% of the time.

Over the years, the number of actual taxicabs permitted within the City has varied greatly. The table below represents a thirteen year history of the City Decals issued:

**City of Culver City, California
Agenda Item Report**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
United Independent	9	42	33	30	8	5	9	4	10	10	10	10	20
Beverly Hills Cab Co.	10	10	10	10	10	0	0	11	12	15	23	32	60
Independent Taxi	37	19	33	19	8	10	5	10	15	14	11	9	9
Culver City Yellow	14	15	15	15	15	15	15	15	16	21	22	23	23
White & Yellow Taxi Cab Inc.	0	15	10	10	5	6	0	0	0	0	0	0	0
Total Taxi Cab Permits	70	101	101	84	46	36	29	40	53	60	66	74	112
Number of Taxicabs Operating Permits Issued	260	260	260	260	260	260	260	260	260	265	265	265	265
Percentage of Issued Permits Utilized	27%	39%	39%	32%	18%	14%	11%	15%	20%	23%	25%	28%	42%

As can be seen, historically there has been a very low percentage of the number of City Decals issued versus the number of taxicabs that these companies actually have placed in service. In 2011, Beverly Hills Cab Co. significantly increased their number of City Decals to their total allotment, and 2011 actually marks the highest number of City Decals since at least 1999. Staff believes this to be a result of the development and improvements that have taken place throughout the City, as well as significant changes to taxi permitting in Santa Monica (discussed in more detail below). Given the fact that there is no definitive message from the public that the existing taxicab services within the City do not provide adequate service, it is difficult for staff to make an assertion that additional taxicabs are required. However, competition may also assist in improving services even further. The free market will ultimately determine the number of taxicabs that can be supported, as the drivers for these companies that do not find it profitable to maintain their City Decal or Driver Permit will not make the investment in future years.

Currently taxicabs do not present major issues on traffic and parking within the City. There are limited locations in the City where taxicabs are able to queue, so most service is dispatched when a phone request is made, as opposed to taxis waiting at curbside locations. The Traffic Engineering Division of the Public Works Department does not think that the additional taxicabs as requested by the applicants will have a significant effect on traffic and parking within the City.

Description of All Yellow Taxi, Inc.

All Yellow Taxi, Inc. has been in business since 1997. They operate a total of 90 taxicabs in Los Angeles County. They currently have 4 Franchise Agreements (in the cities of Hermosa Beach, Torrance, Manhattan Beach and Redondo Beach) and

City of Culver City, California
Agenda Item Report

permits to operate in the County of Los Angeles and 12 other cities (El Segundo, Lawndale, South Gate, Santa Monica, Carson, Hawthorne, Rancho Palos Verdes, Lomita, Huntington Park, Gardena, Lynwood, and Inglewood).

All Yellow Taxi proposes to operate a fleet that includes twenty-eight (28) Super Ultra-Low Emission Vehicles and 2 ADA Wheelchair Accessible Vans. They currently provides Access Services in Culver City, as well as drop off passengers in Culver City from the South Bay and surrounding.

The background and reference check did not reveal any issues that are a cause of concern to staff in terms of this company operating within Culver City. Unaudited financial statements were received for 2008 and 2009. The company indicated the 2010 financial statements would be completed and submitted by Thursday, July 21, 2011. These two years of statements indicate a positive net income each year. The company indicates the 2010 statements will also reflect a positive net income. Staff will indicate whether there are any concerns with the 2010 financial statements during the oral staff report.

Response to Request to Establish Need for Additional Service

All Yellow Taxi states that they drop many clients off in Culver City, and a permit to operate here would allow them to pick up cash passengers thereby extending their specialized services to our residents. They also claim that developments within the City and in the surrounding areas are creating a greater demand for taxicab services. They mention the expansion of West Los Angeles College and LAX, the development of Playa Vista, and reductions in bus services due to transportation funding cuts as major factors in this increase in demand. They did not provide any specific data to support the need for additional service.

Description of TMAP Corp dba Taxi! Taxi!:

TMAP Corp., dba Taxi! Taxi!, has been in business since 1997. They operate a total of 65 taxicabs in the City of Santa Monica where they have been operating for over 21 years. Santa Monica recently converted from an open taxi system (allowing any company to obtain a permit) to a franchise system where only a few companies would be allowed to operate. They went through a comprehensive study and review process, and Taxi! Taxi! was one of the companies awarded a franchise. Staff feels this speaks to the quality of service and reliability the company has been able to demonstrate. They claim to be in the process of converting to a newer and more energy efficient fleet of vehicles.

The background and reference check did not reveal any issues that are a cause of concern to staff in terms of this company operating within Culver City. As requested,

City of Culver City, California
Agenda Item Report

unaudited financial statements were submitted for the last three years. These statements indicate a positive net income each year. The statements for the year ended 2010 show a significant decrease in the cash position of the company, but also show a significant investment in vehicles.

Response to Request to Establish Need for Additional Service

The company states that they receive daily requests for service from clients who reside in the Culver City area. They state they would like to expand their territory to include Culver City and that they are the only company in Los Angeles with multiple awards. They did not provide any specific data to support the need for additional service.

Description of Culver City Yellow:

Culver City Yellow operates a total of 23 taxicabs in Culver City where they have been operating since 2005. Culver City Yellow is the only company that is specifically dedicated to serving Culver City, as they do not have permits or franchise agreements in any other jurisdictions. Staff recently determined that due to our own error, we had permitted three more vehicles than they are currently authorized for the last few years. As a result, they submitted a request to increase their authorized permits by ten, up to thirty vehicles. This request does not require a new application, but does require City Council approval.

Staff Comments

Staff does not feel the current level of taxicab service in the City is inadequate. However, staff does not see a specific downside associated with issuing additional Taxi Business Permits, Driver Permits, or City Decals, although it remains to be seen whether the market will support this number of taxicabs. The two new applicants both appear to be good companies with an established record of providing quality service. The downside could be that current taxicab drivers that have been operating within the City will be financially impacted.

The request from TMA Corp dba Taxi! Taxi! for a permit for seventy-five (75) taxicabs exceeds their current fleet of 65. If City Council grants a Taxi Business Permit for this company, staff would recommend a lesser number.

Culver City Yellow has requested to increase their City Decals to thirty taxicabs. As they are specifically dedicated to Culver City, staff would recommend their request be strongly considered.

City of Culver City, California
Agenda Item Report

FISCAL ANALYSIS:

Both new applicants have paid a one-time \$1,000 application fee for the processing and consideration of their Taxi Business Permit applications. Annually, each taxicab company must pay \$250 to maintain their Taxi Business Permit. Additionally, for each City Decal the following fees must be paid:

- \$400 per year for annual taxicab inspection and licensing (per cab)
- \$30 per year annual taxicab driver licensing fee (per driver)
- \$30 per year annual business license tax (per business)
- \$68 per year livescan fee (per driver)

If the All Yellow Taxi, Inc. application is approved, and all thirty vehicles were issued City Decals, the City would receive \$16,090 per year. If the TMat Corp dba Taxi! Taxi! application were approved, and all seventy-five vehicles requested were issued City Decals, the City would receive \$39,850 per year. Staff does not feel it is likely all these requested vehicles would be issued City Decals. Also, if existing companies subsequently reduce their vehicles with City Decals. it would result in corresponding decreases in revenue.

MOTION:

That the City Council:

1A. Make findings determining the public convenience and necessity require additional taxicab service within the City and GRANT a Taxi Business Permit to All Yellow Taxi, Inc.; effective on August 1, 2011, conditioned on the company's compliance with all taxi and business regulations as set forth in the Culver City Municipal Code;

OR

1B. Determine the required findings cannot be made and DENY a Taxi Business Permit to All Yellow Taxi, Inc;

AND

2A. Make findings determining the public convenience and necessity require additional taxicab service within the City and GRANT a Taxi Business Permit to TMat Corp dba Taxi! Taxi!; effective on August 1, 2011, conditioned on the

City of Culver City, California
Agenda Item Report

company's compliance with all taxi and business regulations as set forth in the Culver City Municipal Code;

OR

2B. Determine the required findings cannot be made and DENY a Taxi Business Permit to TMAP Corp. (dba Taxi! Taxi!)

AND

3A. (Staff Recommendation) Approve the request and authorize the issuance of 10 additional City Decals (from 20 to 30) to Culver City Yellow;

OR

3B. Deny the request from Culver City Yellow for an additional 10 City Decals.