



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

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Meeting Date: 7/26/2011

Report Type: Consent

Title: (Pass For Publication) Taxicab Vehicle Permit Moratorium

Report ID: 2011-00668

Location: Citywide

Recommendation: Review a taxi ordinance imposing a two-year moratorium on the issuance of taxicab vehicle permits; and 2) pass for publication the Ordinance title as required by Sacramento City Charter 32 (c) to be adopted on September 4, 2011.

Contact: Dafna Gauthier, Business Permit Manager, (916) 808-7800, Finance Department

Presenter: Dafna Gauthier, Business Permit Manager, Finance Department (916) 808-7800; Brad Wasson, Revenue Manager, Finance Department (916) 808-5844

Department: Finance

Division: Business Permits

Dept ID: 06001231

Attachments:

1-Description/Analysis

2-Background

3-Attachment 1

City Attorney Review

Approved as to Form
Marcos A. Kropf
7/21/2011 3:35:33 PM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
7/20/2011 10:24:55 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 7/21/2011 9:41:46 AM

Assistant City Manager: Cassandra Jennings - 7/21/2011 3:34:01 PM



Description/Analysis

Issue: There is an overabundance of taxicabs in the city of Sacramento. Since 2004, the City of Sacramento has seen a 66% increase in taxicab vehicles. The City desires to explore regulations that would reduce the number of permitted taxicab vehicles, along with their impact on the environment.

Policy Considerations: Taxicabs provide an essential component of the public transit system that serves the city. A well functioning taxi system can be a valuable resource for visitors, business people, and patrons of bars, clubs, restaurants, and stores. At the same time, taxis can also assist those who do not have a car for a variety of reasons such as income, age, disability, or personal choice. Taxicabs are operated by private persons that utilize the public rights of way to advertise and deliver their services.

Environmental Considerations: California Environmental Quality Act (CEQA): The regulation of taxicabs is not a project that is subject to CEQA. (CEQA Guidelines §§ 15060(c) (2), 15061(b) (2), 15321(b), 15378.).

Sustainability: There are no sustainability considerations applicable to amending City Code relating to taxicabs.

Commission/Committee Action: On May 3, 2011, the Law and Legislation Committee moved to advance an ordinance imposing a two-year moratorium on the issuance of taxicab vehicle permits to the City Council for consideration.

Rationale for Recommendation: The moratorium is recommended because the City desires to explore regulations that would limit the number of permitted taxicab vehicles and that would reduce the environmental impact of the permitted taxicab vehicles. Further proliferation of permitted taxicab vehicles while the proposed regulations are being studied and considered for adoption would defeat these objectives.

Financial Considerations: None. The proposed changes to the City Code are not anticipated to have any financial impact to the City.

Emerging Small Business Development (ESBD): Not applicable



Background

In 2004, the consulting firm Nelson Nygaard issued a report regarding its taxicab regulations study for the City of Sacramento. In that report, the firm stated that one of the “overarching issues” with taxi service in the City of Sacramento was the overabundance of cabs downtown. The report states:

There are far more taxis trying to serve a handful of downtown destinations—particularly hotels—than the amount of business warrants. In turn, this leads to parking congestion, higher fares, lower incomes for drivers, and less revenue to reinvest in vehicles and other service improvements. The corollary is a lack of cabs serving other markets, such as the suburbs, seniors and people with disabilities.

At the time of the Nelson Nygaard report, there were approximately 258 taxicab vehicle permits issued, and the City had a population of approximately 444,658 people. Nelson Nygaard proposed several reforms that were aimed at addressing this and other problems with taxi service in the City. The consulting firm considered the placement of a numerical cap on the number of permits issued in the City, and noted that a cap is probably the most common approach to taxicab regulation for large cities. However, the consultant did not recommend it at the time. Instead, the consultant focused on other concerns. The report states:

Control on taxi numbers may help to address the issue of excessive industry capacity, particularly downtown. However, it would not directly deal with many of the issues raised by the community. Those issues are peripheral to the number of cabs and more related to the lack of comprehensive operating and vehicle standards, nominal enforcement, inconsistent fares and high minimum fares, the industry’s poor responsiveness to and communication with stakeholders, and the structure of the industry.

In response to the report by Nelson Nygaard, the City revised its taxi regulations in 2006 and implemented most of the recommended reforms.

In 2009, the City had a population of approximately 481,097 people and there were approximately 428 taxicab vehicle permits issued in the City. This is 170 more taxicab vehicle permits than in 2004, when Nelson Nygaard cited an overcrowding problem with taxicabs. While the number of taxicab vehicle permits increased 66%, the number of people in the City only increased 8% in that same time period. There continues to be an overabundance of cabs downtown and the same types of corresponding problems still exist.

The City desires to explore regulations that would limit the number of permitted taxicab vehicles. A cap on permits may help to address the issue of overcrowding in the industry, especially in the downtown area. In addition, the City desires to explore regulations that would reduce the environmental impact of the permitted taxicab

vehicles, such as a requirement that a certain ratio of permitted taxicabs have electric or hybrid power trains.

Further proliferation of permitted taxicab vehicles while the proposed regulations are being studied and considered for adoption would defeat the objectives of any regulations intended to limit the number of taxicab vehicle permits and increase the ratio of environmentally friendly taxicab vehicles in the City. The moratorium will protect the public health, safety, and welfare of the residents and visitors by prohibiting the issuance of more taxicab vehicle permits while the City studies whether new taxicab regulations are needed to address the issues described above.

Staff has met with the taxi fleet association managers who are the liaisons for their associations. Staff recommends the approval of the following taxi vehicle permit moratorium. However, there are taxi companies who are not in favor of a moratorium because they believe that it is contrary to the principles of free enterprise.

During the moratorium, the City of Sacramento shall not issue or approve any new taxicab vehicle permits for two years. The only exceptions would be the following:

- A. If a taxicab vehicle permit is valid on the effective date of this Ordinance, the City may renew that permit.
- B. If a person sells a vehicle that has a valid taxicab vehicle permit, the City may issue the new owner a taxicab vehicle permit for that vehicle.
- C. If a person replaces a vehicle that has a valid taxicab vehicle permit, the City may issue a taxicab vehicle permit for the replacement vehicle, if the taxicab vehicle permit for the replaced vehicle is simultaneously forfeited.

The potential consequences of this moratorium are:

- If a vehicle permit is allowed to expire or is otherwise revoked, that vehicle cannot be issued a new permit.
- New taxicab driver's permits may still be issued and existing drivers/owner-operated cabs may still transfer between existing associations.

If a fleet drops below the 25 vehicle minimum requirement, the fleet permit may be revoked. That association or any new association may only form with existing permitted vehicles.



ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

**AN ORDINANCE IMPOSING A
MORATORIUM ON THE ISSUANCE
OF TAXICAB VEHICLE
PERMITS FOR TWO YEARS**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1. Findings

The City Council of the City of Sacramento finds and declares as follows:

A. Taxicabs are an essential component of the public transit system that serves the City. A well-functioning taxi system can help the City’s efforts to spur downtown and transit oriented development by making it realistic to live and work without a private car or a second car. Taxi service can be a valuable resource for visitors, business people, and patrons of bars, clubs, restaurants, and stores. At the same time, taxis can also assist those who do not have a car for reasons of income, age, disability, or personal choice.

B. In 2004, the consulting firm Nelson Nygaard issued a report regarding its taxicab regulations study for the City of Sacramento. In that report, the firm stated that one of the “overarching issues” with taxi service in the City of Sacramento was the overabundance of cabs downtown. The report states:

There are far more taxis trying to serve a handful of downtown destinations—particularly hotels—than the amount of business warrants. In turn, this leads to parking congestion, higher fares, lower incomes for drivers, and less revenue to reinvest in vehicles and other service improvements. The corollary is a lack of cabs serving other markets, such as the suburbs, seniors and people with disabilities.

C. At the time of the 2004 Nelson Nygaard report, there were approximately 258 taxicab vehicle permits issued and the City had a population of approximately 444,658 people.

D. Nelson Nygaard proposed several reforms that were aimed to address this and other problems with taxi service in the City. The consulting firm considered the placement of a numerical cap on the number of permits issued in the City, and noted

that a cap is probably the most common approach to taxicab regulation for large cities. However, the consultant did not recommend it at the time. Instead, the consultant focused on other concerns. The report states:

Control on taxi numbers may help to address the issue of excessive industry capacity, particularly downtown. However, it would not directly deal with many of the issues raised by the community. Those issues are peripheral to the number of cabs and more related to the lack of comprehensive operating and vehicle standards, nominal enforcement, inconsistent fares and high minimum fares, the industry's poor responsiveness to and communication with stakeholders, and the structure of the industry.

E. In response to the report by Nelson Nygaard, the City revised its taxi regulations in 2006 and implemented most of the recommended reforms.

F. In 2009, the City had a population of approximately 481,097 people and there were approximately 428 taxicab vehicle permits issued in the City. This is 170 more taxicab vehicle permits than in 2004, when Nelson Nygaard cited an overcrowding problem with taxicabs. While the number of taxicab vehicle permits increased 66%, the number of people in the City only increased 8% in that same time period.

G. In 2010, four years after the Nelson Nygaard recommendations were implemented, there were 443 taxicab vehicle permits issued. There continues to be an overabundance of cabs downtown and the same types of corresponding problems still exist. The reforms implemented in 2006 have not solved the overcrowding problem.

H. The City desires to explore regulations that would limit the number of permitted taxicab vehicles. A cap on permits may help to address the issue of overcrowding in the industry, especially in the downtown area.

I. In addition, the City desires to explore regulations that would reduce the environmental impact of the permitted taxicab vehicles, such as a requirement that a certain ratio of permitted taxicabs have electric or hybrid powertrains.

J. Further proliferation of permitted taxicab vehicles while the proposed regulations are being studied and considered for adoption would defeat the objectives of any regulations intended to limit the number of taxicab vehicle permits and increase the ratio of environmentally friendly taxicab vehicles in the City.

K. The purpose of this Ordinance is to protect the public health, safety, and welfare by prohibiting the issuance of more taxicab vehicle permits while the City studies whether new taxicab regulations are needed to address the issues described above.

SECTION 2. Moratorium

During the term of this Ordinance, the City of Sacramento shall not issue or approve any taxicab vehicle permit.

SECTION 3. Scope

Notwithstanding the moratorium set forth in Section 2 of this Ordinance, the City of Sacramento may issue a taxicab vehicle permit in the following circumstances:

- A. If a taxicab vehicle permit is valid on the effective date of this Ordinance, the City may renew that permit.
- B. If a person sells a vehicle that has a valid taxicab vehicle permit, the City may issue the new owner a taxicab vehicle permit for that vehicle.
- C. If a person replaces a vehicle that has a valid taxicab vehicle permit, the City may issue a taxicab vehicle permit for the replacement vehicle, if the taxicab vehicle permit for the replaced vehicle is simultaneously forfeited.

SECTION 4. Term

The term of this Ordinance shall be two years from its effective date, and shall thereafter have no further force and effect.