



REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2671

STAFF REPORT
May 3, 2011

**Honorable Members of the
Law and Legislation Committee**

Title: Taxicab Vehicle Permit Moratorium and Central Dispatch Systems

Location/Council District: Citywide

Recommendation: 1) Approve an ordinance imposing a two year moratorium on the issuance of taxicab vehicle permits so that staff may explore ways to reduce the number of permitted taxicabs in the City of Sacramento and their impact on the environment; and 2) Approve an ordinance requiring all taxicabs to use a central dispatch service, and modifying the appeal process for actions taken on taxicab permits.

Contact: Dafna Gauthier, Business Permit Manager, 808-7800

Presenters: Dafna Gauthier, Business Permit Manager
Brad Wasson, Revenue Manager

Department: Finance

Division: Revenue

Dept. ID: 06001231

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.

Committee/Commission Action:

On October 5, 2010, the Law and Legislation Committee directed staff to draft an ordinance imposing a moratorium on the issuance of taxicab vehicle permits, and requiring the use of a central dispatch system.

Environmental Considerations: The regulation of taxicabs is not a project that is subject to CEQA. (CEQA Guidelines §§ 15060(c) (3), 15061(b) (2), 15321(b), 15378(a).)

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

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.

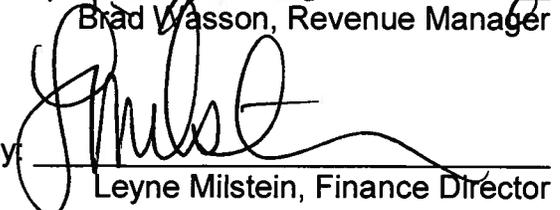
The ordinance requiring central dispatch service for all taxi associations is recommended because it will improve service to the public and help to eliminate the problematic informal queuing lines.

Modifications to the appeal process are recommended to simply clarify and enhance that procedure.

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.

Respectfully Submitted by: 
Brad Wasson, Revenue Manager

Approved by: 
Leyne Milstein, Finance Director

Recommendation Approved:

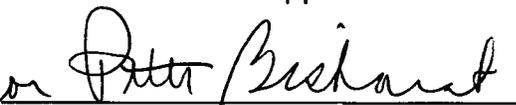

WILLIAM H. EDGAR
Interim City Manager

Table of Contents:

Report	Pg 1
Attachments	
1 Background	Pg 4

Background

1. TAXICAB PERMIT MORATORIUM

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 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.

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 powertrains.

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 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 drivers 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.

2. CENTRAL DISPATCH SYSTEM

The Law & Legislation Committee also directed staff to draft an ordinance requiring central dispatch service and provide recommendations.

Staff recommends that all fleet associations be required to provide central dispatch service to each of its registered taxicabs 24 hours a day. Dispatch communications with the drivers must be by a two-way radio or mobile data terminals, not a cellular phone. The dispatch service will have to be provided by someone not driving a taxicab, and from a location in the city that can receive requests for service by telephone, facsimile, or TDD phone.

3. APPEAL PROCEDURES

Staff also recommends repealing and adding Section 5.136.740 relating to the procedures for appealing an action taken on a taxicab related permit. These modifications simply clarify and enhance that procedure.

Supplemental Meeting Material

Item 04 – Discussion: Taxicab Vehicle Permit
Moratorium and Central Dispatch Systems



ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

**AN ORDINANCE AMENDING SECTION 5.136.020,
ADDING SECTION 5.136.395, AND AMENDING
SECTION 5.136.620 OF THE SACRAMENTO CITY CODE,
RELATING TO TAXICAB DISPATCH SERVICE;
AND REPEALING AND ADDING SECTION 5.136.740
OF THE SACRAMENTO CITY CODE, RELATING TO
THE APPEAL OF ACTIONS ON TAXICAB PERMITS**

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

SECTION 1.

A. A definition of “dispatch service” is added to Section 5.136.020 of the Sacramento City Code to read as follows:

“Dispatch service” means an operation that receives requests for taxi service at a central location and communicates with taxicab drivers to respond to such requests.

B. Except as otherwise amended in paragraph A above, Section 5.136.020 of the Sacramento City Code remains unchanged and in full force and effect.

SECTION 2.

Section 5.136.395 is added to the Sacramento City Code to read as follows:

5.136.395 Dispatch equipment.

No person shall operate a taxicab without the equipment necessary to communicate with the dispatch service provided by the taxicab fleet association with which he or she is registered.

SECTION 3.

Section 5.136.620 of the Sacramento City Code is amended to read as follows:

5.136.620 Dispatch service.

A. The taxicab fleet association shall provide dispatch service to each of its registered taxicabs twenty-four (24) hours a day. Dispatch service shall be performed

by one or more persons who are not driving a taxicab, and from a location in the city that is able to receive requests for service by telephone, facsimile, and TDD phone.

B. Dispatch service communications with taxi drivers shall be conducted by ~~cellular telephone,~~ two-way radio, mobile data terminals, or similar communication devices as approved by the director. Such communications and devices shall comply with all applicable laws and regulations.

BC. The taxicab fleet association shall maintain dispatch logs that fully and accurately document the date and time of each request for service, the ~~origin and destination locations~~ location where the passenger is to be picked up, the taxicab assigned, and the time the trip was completed. The dispatch logs shall be maintained in the association office for at least one year from the date of the log.

SECTION 4.

Section 5.136.740 of the Sacramento City Code is repealed.

~~5.136.740 Appeal of action on permit.~~

~~_____ A. _____ An applicant may appeal the director's decision to deny, suspend or revoke a permit issued pursuant to this chapter, to the city council or a designated hearing examiner in accordance with Chapter 1.24.~~

~~_____ B. _____ A notice of appeal, accompanied by a taxicab permit appeal fee in the amount established by resolution of the city council, must be filed within ten (10) calendar days of the date of service of the notice of decision.~~

~~_____ C. _____ Failure to properly file a written appeal of the decision will constitute a waiver of all right to an appeal hearing, and the decision will be final. Failure to properly and timely appeal the decision shall also constitute a failure to exhaust administrative remedies and a bar to any judicial action pertaining to the decision.~~

SECTION 5.

Section 5.136.740 of the Sacramento City Code is added to read as follows:

~~5.136.740 Appeal of action on permit.~~

_____ A. _____ Any applicant or permittee aggrieved by the director's decision to deny, suspend, or revoke a permit issued pursuant to this chapter, may appeal the decision by submitting a written notice of appeal to the director within ten calendar days from the date of service of the notice of decision. The written notice of appeal shall contain:

_____ 1. _____ A brief statement in ordinary and concise language of the specific decision protested, together with any material facts claimed to support the contentions of the appellant;

2. A brief statement in ordinary and concise language of the relief sought, and the reasons why it is claimed the protested decision should be reversed or otherwise set aside;

3. The signatures of all parties named as appellants and their official mailing addresses; and

4. A declaration under penalty of perjury by at least one appellant as to the truth of the matters stated in the notice of appeal.

B. The appeal hearing shall be conducted by a hearing examiner appointed pursuant to Section 8.04.070 of this code.

C. Upon receipt of any appeal filed pursuant to this section, the director shall transmit the appeal to the secretary of the hearing examiner who shall calendar it for hearing as follows:

1. If the appeal is received by the director not later than 15 days prior to the next regularly scheduled appeal hearing date, it shall be calendared for hearing on that date.

2. If the appeal is received by the director less than 15 days prior to the next regularly scheduled appeal hearing date, it shall be calendared for hearing on the next subsequent appeal hearing date.

D. Written notice of the time and place of the hearing shall be given at least ten days prior to the date of the hearing to each appellant by the secretary of the hearing examiner either by causing a copy of such notice to be delivered to the appellant personally or by mailing a copy thereof, postage prepaid, addressed to the appellant at the address shown on the appeal.

E. Only those matters or issues specifically raised by the appellant in the written notice of appeal shall be considered in the appeal hearing.

F. Failure of any person to file a timely appeal in accordance with the provisions of this section shall constitute an irrevocable waiver of the right to an administrative hearing and a final adjudication of the matter and any portion thereof.

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B. Dispatch service communications with taxi drivers shall be conducted by two-way radio, mobile data terminals, or similar communication devices as approved by the director. Such communications and devices shall comply with all applicable laws and regulations.

C. The taxicab fleet association shall maintain dispatch logs that fully and accurately document the date and time of each request for service, the location where the passenger is to be picked up, the taxicab assigned, and the time the trip was completed. The dispatch logs shall be maintained in the association office for at least one year from the date of the log.

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1. A brief statement in ordinary and concise language of the specific decision protested, together with any material facts claimed to support the contentions of the appellant;

2. A brief statement in ordinary and concise language of the relief sought, and the reasons why it is claimed the protested decision should be reversed or otherwise set aside;

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F. Failure of any person to file a timely appeal in accordance with the provisions of this section shall constitute an irrevocable waiver of the right to an administrative hearing and a final adjudication of the matter and any portion thereof.

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.