

Friday, August 09, 2002

Honorable Mayor and Members of
The Hermosa Beach City Council

Regular meeting of
August 13, 2002

**REPORT ON THE CURRENT STATUS OF THE
TAXI PROGRAM IN THE CITY OF HERMOSA BEACH**

RECOMMENDATION

Staff recommends that Council:

1. Review this report on the status of the Taxi Program in Hermosa Beach. Provide direction to staff on the future course of the program.

BACKGROUND

The City of Hermosa Beach adopted Municipal Code Section 5.72 on March 19, 1998. This established the requirements for Auto for Hire companies and drivers operating in our City. Several companies applied to work under the new ordinance. As of this date, there have been eight (8) companies that have been permitted. Two of those companies did not renew their business license after the first year and presumably went out of business. We currently have six (6) companies authorized to provide taxicab service in the City of Hermosa Beach with a combined total of 232 taxicabs. Those companies and their total number of licensed vehicles are as follows:

1. America's Best Cab – 10
2. All Yellow Taxi – 45
3. Ocean Yellow Cab – 15
4. South Bay Yellow Cab – 99
5. Super Taxi – 16
6. United Independent Taxi – 47

The City continues to be approached by new taxi companies wishing to conduct business in town. Those companies currently permitted to operate have continued over the past year to increase the number of licensed cabs in their individual fleets. In August of 2001 there were 188 licensed taxicabs. Now there are 232. As a point of reference, the City of Los Angeles only allows nine (9) companies. The City of Long Beach only uses one company with 125 licensed vehicles.

The taxicab ordinance has brought in substantial revenues for the City of Hermosa Beach. For the fiscal year beginning July 1, 2001 through June 30, 2002, we took in \$81,572 in taxicab licensing fees and \$9,533 in business license fees from the six-(6) companies. This is a total of \$91,105.

Since the enactment of the ordinance, we have encountered some problems. At its conception, we did not put a limit the number of taxicab companies that could operate in

town nor did we limit the overall number of vehicles allowed in the City. Therefore, the program has grown so large that control is sometimes difficult. This is despite the fact that each company is investigated to make sure that it is in compliance with the municipal code. This includes making sure that the company has adequate insurance though we have had an instance where a company's policy had lapsed and they never told the City about it. We discovered this lapse by accident and ultimately their permit was suspended until they obtained adequate insurance. Each of the taxi drivers are fingerprinted and a criminal history check is completed on their background. Staff has received complaints about the taxicabs in town. They range from illegal parking practices to illegal driving practices. The police department has conducted random and directed enforcement activities and has issued citations as appropriate to violators.

Staff recently implemented a new Random Drug Testing Program for taxi drivers. Drivers are now required to sign-up with Norton Medical Industries and enroll in the random testing program. The cost is slightly expensive at \$75 but that does include any random tests the driver might be called for during the calendar year. Some companies have been reluctant to force their drivers to enroll in the program. As a result, the start of the random tests has been delayed. We anticipate starting the random tests in August.

At the current time and in accordance with the municipal code, staff has capped the number of permits and licenses that will be issued in the future. The City will no longer issue any new permits to new taxi companies wishing to operate in town. As noted there are currently 6 taxi companies. No new individual taxi licenses will be issued. Staff will maintain the number at 232.

RECOMMENDATIONS

There are various options for Council to consider for the future of the taxi program. The first is to maintain the status quo to either cap the number of companies and taxis as illustrated above or to allow a further proliferation of permits and licenses to whomever is interested. Staff recommends that if this option is considered that the caps on permits and licenses that have been established remain in effect.

Council may direct staff to consider measures to reduce the number of operating companies and taxis in Hermosa Beach to lower levels.

The Council may also consider the establishment of a franchise, the selection of a single taxi company to service the City of Hermosa Beach. A single franchise would provide the City the opportunity to select a good, well run, reputable company. In the event of complaints, staff could more effectively deal with a single company to solve the problem instead of trying to figure out which of the 6 companies was responsible

The Request for Proposal (RFP) would be designed to assure that Hermosa Beach would select only a taxi company that has a strong desire to meet the needs of the community and the desire to meet the standards required in the municipal code. The

RFP would also allow the various companies to bid the highest price to provide taxi services to assure that there would not be a significant drop in annual revenues. If Council considers this option, a draft RFP would be returned for their review and consideration.

Respectfully submitted,

Concur:

MICHAEL LAVIN, CHIEF OF POLICE
HERMOSA BEACH POLICE DEPARTMENT

STEPHEN BURRELL
CITY MANAGER