

MARIN GENERAL SERVICES AUTHORITY
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MEMORANDUM

DATE: September 11, 2008

TO: MGSA Board of Directors

FROM: Paul Berlant, Executive Officer

SUBJECT: AGENDA ITEM **D-2**: DISCUSSION OF TAXICAB REGULATIONS AND FEES

Recommendation: Receive the staff report and give direction to staff regarding possible changes to the taxicab regulations and fees.

Background:

Now that MGSA staff, contract management and the industry have had some experience with the permitting process and costs associated with that process, issues relative to the regulations and fee structure have arisen. The intent of the Board has been that the taxicab regulation program would ultimately be self-sustaining. That is, the fees received from companies and drivers would cover the cost of operating the program. The state has mandated that each city or county conduct a drug/alcohol testing program (and may adopt further regulations) and permits the imposition of fees to cover the costs of the program. The process for annual vehicle inspections has also become problematical and staff is seeking Board direction in this regard.

Permit Fees: The fee structure currently in place was established in 2006, before the program commenced to enroll companies and drivers into the permit process. The regulations set the term of each type of permit to be issued; companies – five years; drivers – five years; and vehicles – one year. Although the fees were set using the best estimate of the necessary amount of work available at the time, the fees were not initially set to make the program self-sustaining. Rather, they were set at lower rates to assist drivers and companies as the program was started. Applicants pay direct costs for services such as background checks and drug/alcohol testing. With the experience of the last several months, we have learned that substantially more work is required to operate the program.

Attached is a brief analysis of the source of current revenues and review of alternatives. The analysis looks at which fee might be adjusted to cover costs as well as whether the public should bear some of the cost of the program when it is viewed as a public safety program. The general conclusions are that the number of companies are small, thus not a candidate for a large source of revenue; drivers are limited in their ability to afford a significant increase in fees; and the number of vehicles in the fleet of a company is what really drives the cost of administering the program

for each company and, thus is the variable that could sustain the majority of cost (i.e., the vehicle fee is the one to be adjusted to raise revenues to make the program as self-sustaining as possible). Please see the attached summary of assumptions and revenues. In order to make the changes to the company fees, the Section B.5 of the Regulations must be changed to make the Company Fee good for one year instead of five.

Whether to “spread” the cost of the program solely to the industry, i.e., companies and drivers, or to have the general public support part of the cost of the program is a policy decision for the Board. Taxicab regulation can be considered a public safety program. As with other such programs, the general public might be considered to benefit, and as such, pay for some of the costs. On the other hand, it is common practice for industries to carry the full cost of regulation, since, were it not for the industry and issues with past practice, there would be no need for regulations. Thus, there is considerable argument to take either approach. The attached analysis provides two alternatives as to how to spread the cost of the program. One has it all going to the industry, while the other shares it with the general public. Any ratio could be selected and calculated.

Staff has compared our fees with those charged by the Orange County taxicab regulatory program (OCTAP), which was the model for our program. OCTAP charges basic fees as we do, plus additional associated fees for such things as late applications, replacement of documents, missed inspections or re-inspection and transfers of permits. Their basic fees are \$99/year for drivers, \$3948 for new and \$1317 annually for companies, and \$371/year for vehicles. In addition, individual cities/towns may require a business license, dependant on local ordinances.

Regulations: Staff is seeking guidance regarding cleanliness and safety inspections of the taxi vehicles. Section D.3 of the Regulations requires annual inspections of the vehicles so as to ensure compliance with the California Vehicle Code (CVC). However, the regulations are silent as to whom or what agency performs these inspections. MGSA staff and contractor are not qualified to do such inspections, there is no public agency available to do them, nor is there a license for private technicians for such roles. One of the local taxicab companies has its own mechanical maintenance staff, while the others use commercial mechanics, including manufacturers’ dealerships (i.e., Honda, Toyota). Staff has identified two alternatives: self-certification by the vehicle owners or certification by private mechanics, using the CVC for guidance. Staff would recommend the self-certification approach since there is no license for an auto mechanic. However, staff is seeking the Board’s guidance on how to proceed. If/when the Board considers amendments to the regulations, clarification of Section D.3 should be included.

The regulations currently tie the list of drivers working for a business to the Company Permit. However, we are learning that driver turnover is high. Thus, under current rules, staff would have to amend the Company Permit every time a driver joins or leaves a business. Rather than tie the Company Permit to the list of drivers, staff suggests simply maintaining and publishing a list of drivers associated with each company (such as on our web site) and updating that list periodically.