

# MARIN GENERAL SERVICES AUTHORITY

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## MEMORANDUM

**DATE:** March 13, 2014  
**TO:** MGSA Board of Directors  
**FROM:** Paul Berlant, Executive Officer  
**SUBJECT:** AGENDA ITEM: F: Taxicab Regulation Program Update

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### Recommendation

Accept this update regarding the Marin County Taxi Regulation Program. No action is requested.

### Inventory Update

There is continuing activity with a few of the smaller taxi cab businesses closing, drivers quitting and vehicles being replaced and updated. New companies and drivers continue to apply for permits with a net effect of a relatively stable taxi inventory in Marin County. Two of the newer companies in particular are showing the fastest growth and as some companies shrink others grow. The current company count is 29 (using 31 names) which is one less than our January 2014 report. The driver count is 176, versus 175 in January, and the number of vehicles is 115, versus 110 in January 2014 and 114 in January 2013.

### Permit Renewals and Fees

Jeff Rawles continues to process the renewals of the large cohort of original taxi drivers and companies. The original companies are now required to pay the same fee as newer companies and now must renew their business permits annually rather than every five years.

As the board will recall, last year we decided to maintain the fee structure adopted in 2009, which gradually brought the permit fees for the “older” companies and their vehicles up to the rate the “new” companies pay. With the adoption of the 2013-14 budget, we anticipated recovering costs for the current fiscal year. Based on the revenues through February 28, 2014 and anticipated revenues and costs for the remainder of the year, we expect to meet that projection. See the attached tables. As you can see, revenues are on track to achieve cost recovery and meet projections.

As we noted last July, during the first five years of the active implementation and enforcement of the taxi regulation program, the MGSA member jurisdictions covered some or most of the cost of the taxicab regulation program. This five-year net cost was estimated to be approximately \$77,000 in administrative costs and more than \$30,000 in legal costs. FY 2012-13 was the first year when costs were fully recovered. At the

current rate of cost recovery, it would take about five years to make up the net program costs to date to the MGSA members. In addition, the one case of enforcement litigation is still on-going, and resultant legal fees are undetermined. Finally, as we have heard from the taxi business owners and drivers, the taxi industry is highly subject to the volatility of the economy and competition, and costs and fee revenues may vary as conditions change.

#### Ride-sharing Services

There have been media reports which have stated that Uber services are available in Marin County. The general understand and claim by Uber and others is that such services are different than taxicab services, and thus, beyond the scope of city/county regulation such as the Marin County Taxicab Regulation Program.

On December 12, 2013 the CPUC filed Rulemaking 12-12-011, which defined a new type of service, the Transportation Network Company (TNC). There are several companies operating as TNC's in California. As defined by the CPUC, a TNC is an Internet business operating through a smartphone application. This service is distinguished from a Transportation Charter Party (TCP), which offers pre-ordered services such as commercial limousines for transportation from a fixed pickup point to a specific destination. A TNC service also provides transportation with a specific origin and destination and for a fee, although through a smartphone app. The vehicle used in TNC service is a private vehicle, not a commercial limo or cab, and not otherwise used for public transportation.

We also understand that Uber operates a system whereby commercial town cars/limousines may also be operated as a TNC. The CPUC rule refers to this type of Uber service as "UberX". The CPUC rule making is still open and unresolved with regard to "UberX" type services (i.e., whereby a limo service responds to a smartphone app). A future rulemaking is to be issued by the CPUC.

The CPUC has ordered that TNC's obtain a license from the CPUC, that they have liability insurance, do background checks of drivers, and conduct vehicle inspections prior to operation. TNC services may not be hailed from a curb. A TNC is not permitted to own its own vehicles used in its operation. This prohibition is another distinction between a TNC and TCP, such as UberX.

#### Attachment

- Taxi Permit Fee Revenues