

MARIN GENERAL SERVICES AUTHORITY

555 Northgate Drive, Suite 230, San Rafael, CA

PHONE: (415) 448-0359

www.maringsa.org

MEMORANDUM

DATE: July 11, 2013
TO: MGSA Board of Directors
FROM: Paul Berlant, Executive Officer
SUBJECT: AGENDA ITEM E: Taxicab Regulation Program Update/Fee Update

Recommendation

Accept this update regarding the Marin County Taxi Regulation Program and provide direction regarding changes to Taxi permit fees.

Inventory Update

There are currently 28 companies, an increase of two companies since the last report in March. The current vehicle count is 106, two more than in May, and the driver count is 177 drivers, 28 drivers less than in May (one company “cleaned out” its roster of inactive drivers).

Permit Fees

As we have regularly reported, the number of taxi companies, drivers and vehicles continues to grow. Text Table 1 below shows the growth in permits issued as of May of 2009, 2011, and 2013. In May we also reported that permit fee revenues have reached the point where program costs are generally covered by the current fee structure. In fact, given the current permit fee resolution, revenues are expected to be slightly greater than projected expenses. The attached schedules 1, 2, and 3 were developed to show the projected revenue from current permit fee levels as well as two alternates, which reduce the vehicle permit fee.

Text Table 2 below shows how revenues for fiscal year 2013-14 could reach \$137,000. Our budgeted costs, including some of the overhead to run MGSA, is expected to be approximately \$108,000 are shown in text Table 3.

Table 1 Permits

	2009	2011	2013
Drivers	129	162	205
Vehicles	79	76	104
Companies	12	15	26

Table 2 Current Fees

Permit Types	Numbers	Rate	Total
Drivers	90	\$ 100	\$ 9,000
Vehicles	100	\$ 1,000	\$ 100,000
Companies	28	\$ 1,000	\$ 28,000
Total			\$ 137,000

Table 3 2013-14 Budget

Supplies/Services	\$ 7,000
Professional Services	\$ 70,000
Admin/Office	\$ 16,000
Legal	\$ 15,000
Total	\$108,000

Note that the vehicle permit fee generates almost three-quarters of the permit revenue. When the current fee structure was created in 2009, the focus was on vehicle permits since the number of vehicles in the overall taxi fleet creates the demand for driver permits, which in turn is where most MGSA costs are incurred. Further, the Board has endeavored to maintain driver permit fees low since these fees are paid by the people who least can afford the added business cost. Given this focus, the most direct and equitable means to change the amount of expected revenue, whether up or down, has been to adjust the vehicle permit fee.

Under the current fee resolution, the companies which first applied for their permits prior to November 2008 were charged a Company Permit fee of \$250 for a permit valid for five years and Vehicle Permit fees which started at \$300 in 2009 and rose to \$700 per year in 2011. There are currently nine companies which fall into this category. Absent a change in permit fees, when these companies apply for a new permit over the next year, they will be charged \$1000 for a company permit valid for one year and \$1000 for each one-year vehicle permit. These are the same fees which are charged companies that first applied after November 2008.

An alternate scheme, which would reduce expected revenue, would be to charge all companies \$700 per vehicle, the fee the original cohort of companies currently pays. Text Table 4 shows the expected revenue from this change. This scheme brings revenues closer to, but slightly less than, expected costs.

Table 4 Alternate Fees

Permit Types	Numbers	Rate	Total
Drivers	90	\$ 100	\$ 9,000
Vehicles	100	\$ 700	\$ 70,000
Companies	28	\$ 1,000	\$ 28,000
Total			\$ 107,000

Another alternate is shown in text Table 5, where the original group of companies continues to pay a lower vehicle permit fee, but the higher company permit fee. The result of these fees is revenues slightly in excess of expected expenses.

Table 5 Mid-point Alternate

Permit Types	Numbers	Rate	Total
Drivers	90	\$ 100	\$ 9,000
Vehicles	65	\$ 700	\$ 45,500
	35	\$ 1,000	\$ 35,000
Companies	28	\$ 1,000	\$ 28,000
Total			\$ 117,500

These two alternates, as well as projections using the current fees, were derived from the attached schedules 1, 2, and 3. Note: Driver and Vehicle numbers for revenue projections have been rounded.

The above notwithstanding, the Board may wish to defer any action to change permit fees. 2013-14 will only be the second year the taxi regulation program will recover costs through permit fees. There are five years of history during which the MGSA members covered some or most of the cost of the program. This five-year net cost is estimated to be approximately \$77,000 in administrative costs and more than \$30,000 in legal costs associated with litigation. At the current rate of recovery, it would take more than three years to make up the net program costs to date to the MGSA members. In addition, as we have heard from the taxi business owners and drivers, the taxi industry is highly subject to the volatility of the economy. Although the recession has ended, the rate of recovery in some sectors is still slow, and even a minor change in the business cycle could reduce the inventory of vehicles and drivers, thus reducing program revenues. Further, the one case of enforcement litigation is still on-going, and resultant legal fees are undetermined.

Based on the above, it would be prudent to wait to see how this year's revenues turn out before making a change to permit fees. Further, waiting until a small reserve for the program can be created would allow the MGSA to weather a reduction in revenues or unexpected costs. Staff can track costs and revenues through the fiscal year and report back to the board at this time in 2014 with program net costs, and any balance that may have been created.

Attachments

- Resolution 2009-10, setting Taxi Regulation Program Permit Fees
- Three schedules projecting taxi permit revenues based on the Resolution 2009-10 and two alternates