



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: November 22, 2006 REPORT NO. 06-185 Rev.
ATTENTION: Council President and City Council
Docket of Nov. 28, 2006
SUBJECT: Limiting Permits For Single-Vehicle Taxicab Operators
REFERENCE: Manager's Report 01-157

REQUESTED ACTION:

Amend Council Policy 500-02 to limit the number of permits held by single-vehicle taxicab operators.

STAFF RECOMMENDATION:

Staff recommends temporarily limiting the taxicab permits for owners of single-vehicles to 40 percent of the total number of taxicab permits available. The limit should stand until a report on the impact of new taxicab permits has been completed by the Metropolitan Transit System (MTS) (expected completion date of 2007), and reviewed by the City Council.

SUMMARY:

Since 1988, MTS has administered the regulation of taxicabs and other for-hire transportation services within the City limits under an agreement with the City. The City Council remains the policy-making body. At the time of the transfer to MTS, Council Policy 500-02 stated that permits held by operators possessing only a single taxicab permit could, in aggregate, comprise no more than 20 percent of the total permits. With the City's support, MTS repealed this provision in 1991. Another provision, which limits a single multiple-permit holder from controlling more than 40 percent of the total permits, is still in effect. If amended, the Council Policy would allow 40 percent of the permits to be issued to single-vehicle operators, and 60 percent of the permits being issued to multiple-permit holders with no more than 40 percent being issued to any one entity.

In 2001, the City Council authorized MTS to issue 135 additional permits, raising the total taxicabs permits to 1,005. Issuance began in 2003, and 90 of these new permits have been issued thus far. The MTS expects to issue all the remaining new permits this year, and will prepare a report describing the impact of the new permits on the taxicab industry next year.

The policy rationale for the limits on taxicab permits was to benefit customer service by striking a balance in the taxicab industry between single-vehicle operators and multi-vehicle operators. Single-vehicle permits create entrepreneurial opportunities for individual taxicab drivers, but research by MTS has shown that a preponderance of single-vehicle operators diminishes customer service in neighborhoods and other areas away from popular attractions. In contrast, multi-vehicle taxicab fleets have been shown to provide more widespread and reliable service for consumers. However, if a multi-vehicle fleet were to grow too large it might dominate the marketplace and diminish customer service. Thus, the City's taxicab policy historically limited both single-vehicle operators and multi-vehicle operators.

Recent changes in ownership practices within the taxicab industry have resulted in substantial transfers of permits away from multi-vehicle operators towards single-vehicle operators, which are now approximately 38 percent of the total. The MTS is concerned that a potential further surge in single-vehicle operators may diminish customer service.

FISCAL CONSIDERATIONS:

No fiscal impact with this action. The MTS administers the regulation of taxicabs within the City limits at no cost to the City. The taxicab administration is cost recoverable for MTS through permit fees and other charges. This action will not impact their revenues.

PREVIOUS COUNCIL ACTION:

On May 10, 2006, the Public Safety and Neighborhood Services Committee voted 4-0 to support the City Staff recommendation. On August 6, 2001, the City Council amended Council Policy 500-02 to authorize the issuance of 135 additional taxicab permits.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The MTS Board of Directors recommended this action on September 9, 2004. Previously, the issue had been discussed several times at the MTS Taxicab Committee.

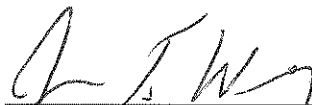
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

This action would directly impact sales of taxicab permits. Those who own multiple permits would be limited in their ability to sell single permits to non-permit holders, and non-permit holders would be limited in their ability to purchase single permits.

Respectfully submitted,



William Anderson, FAICP, Director
City Planning and Community Investment



James T. Waring, Deputy Chief
Land Use and Economic Development

JTW/WA/SC/ah

Attachment: Draft Council Policy 500-02, Showing Proposed Changes and Guidelines