

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

SUBJECT: TAXICAB PERMITS
POLICY NO.: 500-02
EFFECTIVE DATE: August 6, 2001

BACKGROUND:

Regulation of taxicab service is in the interest of providing the citizens and visitors to the City of San Diego with a good quality local transportation service. Towards this end, the City finds it desirable to regulate the issuance of taxicab permits.

PURPOSE:

To establish a policy for the issuance of additional taxicab permits, for the purpose of expanding the taxi industry to meet growing demand for taxi service throughout the City, and providing opportunity for both existing and new taxi operators and for experienced drivers.

POLICY:

The City will periodically issue additional taxicab permits based on a formula. The formula will take into account changes in civilian population and visitation.

New permits will be issued on a full cost recovery basis. Three methods of issuance will be used:

1. 50% of new permits are issued using a Request for Proposal (RFP) process, in which qualified persons, companies, businesses, corporations and other entities may submit proposals meeting specified requirements. Proposers will be evaluated based on experienced, financial viability and proposed quality and level of service and other relevant factors.
2. 25% of new permits are issued by lottery to experienced drivers.
3. 25% of new permits are issued by auction to highest bidders.

(DRAFT)

The process through which permits are issued will limit the concentration of permits. No permits will be issued or transferred to any person, company, business, corporation, or other entity if such issuance or transfer would result in any permit holder having an interest in more than 40% of the existing permits. New permits shall not be transferred for a period of five years after issuance. No single permit will be issued or transferred to any person, company, business, corporation, or other entity if such issuance or transfer would result in single permit holders in aggregate having interest in more than 40% of the existing permits.

IMPLEMENTATION:

Increases in the number of taxicab permits will be based on a formula to be computed annually. This formula will be applied after a transitional period during which 135 additional permits will be issued. Permits issued during the transitional period shall be distributed using RFP, lottery and auction processes. With the issuance of the 135 additional permits, there will be 1,005 outstanding permits. The Implementation Guidelines are attached and incorporated as a part of this Council Policy.

Any permits returned by permit holders will be re-issued in conjunction with issuance of new permits.

HISTORY:

“Taxicabs - Certificates of Convenience and Necessity”

Adopted by Resolution R-172292 08/21/1962

Amended by Resolution R-216590 08/11/1976

Amended by Resolution R-217293 12/15/1976

Amended by Resolution R-222474 12/19/1978

Repealed by Resolution R-258090 03/14/1983

“Taxicabs - Permits”

Added by Resolution R-260636 05/07/1984

Amended by Resolution R-261739 10/15/1984

Amended by Resolution R-271307 06/28/1988

Amended by Resolution R-295355 08/06/2001

IMPLEMENTATION GUIDELINES FOR
COUNCIL POLICY 500-02, "TAXICAB PERMITS"

A. PROCESS FOR ISSUANCE

The following guidelines and procedures should be observed with respect to the issuance of taxicab permits by RFP process, lottery and auction.

1. RFP Process to Taxi Operators.

A point system shall be used in this process, as many may submit proposals, and the City should benefit from the best service provider as determined by the proposers scoring the most points. Minimum point requirements must be attained to qualify.

Process is funded through up-front application fees. A Selection Committee shall be formed to administer this process. The Selection Committee will be comprised of administrators from MTDB and the City. Consultants familiar with the regulatory aspects of the taxicab industry and San Diego may be hired to serve on this committee in an advisory role. The Selection Committee should include other community and business representatives who are not affiliated with the taxi industry and have business management and accounting background. The Selection Committee will issue a RFP and hold a pre-bid conference.

Eligibility:

Taxi operators providing centralized fleet ownership through an individual, a partnership, a corporation, a driver association or a joint venture offering access through a central dispatch system and demonstrating an operational management system for cabs. New operators as well as existing operators will be eligible.

Applicants can apply for multiple blocks, but the Selection Committee may not award more than one block to one applicant, provided that such issuance would not result in any permit holder having an interest in more than 40% of the total active permits.

Proposal Requirements:

Proposals requesting blocks of 5 or more permits must include a management business plan that addresses all the following:

Experience of the operator/firm

- Must meet current operator requirements in MTDB Ordinance 11.

Responsible management individual for the operator

- Recent and relevant direct experience managing all aspects of a demand-responsive operation similar in scope and complexity to service proposed.

Maintenance personnel

- Hours of operation
- Certification of personnel
- Staffing plans

Reservations and dispatch operations

- General policies and procedures, training, method of receiving customer calls, making reservations (advanced and immediate), dispatching and telephone techniques used to accommodate the trip while ensuring efficient operation of the system in serving passengers.
- Communication department staffed 24 hours a day
- Radio frequencies or any alternative communications' means to be used and authorization by licensee and access usage
- Taxi dispatch equipment such as computerized dispatch systems
- Use of GPS in 50% or more of the fleet - minimum
- Dispatch response time standards

Facilities

- Existing and proposed administrative, maintenance, dispatch, vehicle storage facilities suitable to accommodate a project of this scope and complexity

Implementation plan

- Comprehensive and detailed plan showing all start-up tasks (e.g., hiring and training personnel, facilities preparation and vehicle preparation). Plan should allow for flexibility and include contingency plans

System management plan

- Comprehensive and detailed plan showing staffing, equipment commitment, staff responsibilities, management plan and quality control to ensure continued high-quality taxicab services
- Must accept credit cards (safety - cashless system)
- Detailed program for handling complaints
- Record keeping reporting (response time, complaints and other service data)
- Performance standards that proposer will meet and remain in compliance

Organization chart

Vehicle requirements and maintenance plan

Safety inspection compliance

Safety program

- Internal safety training and safe driving program, including hiring criteria, new hire training, ongoing training, accident/incident procedures, and wheelchair loading and securing.
- Detailed driver training program

Criteria for hiring/retaining drivers

- Driver qualification - 21 years of age, qualify for a sheriff's card
- Driver classroom training - 16 hours minimum
- Driver appearance

Performance surety/insurance/financial viability program

- Insurance requirements - minimum \$300,000 cab liability
- Letter from a financial institution stating that proposer has the resources to fund business plan as proposed within 90 days

References

- Three required

RFP Evaluation Criteria

A key issue in the RFP process is the basis for selecting awardees. The Selection Committee is to exercise its discretion to use and/or modify the RFP proposal requirements set forth, and evaluate proposals using criteria that address qualifications as well as on-going monitoring and evaluation of proposers' level or quality of service and accountability.

Permits issued to taxi operators through the RFP process will be reviewed periodically for compliance with the level and quality of service set forth in each taxi operator's proposal. The methodology for this review will be part of each proposal. Permits of taxi operators not meeting the terms set forth in their proposals will revert to the City for reissuance through the RFP process. Such operators may first be issued a warning and given a defined amount of time to correct deficiencies and no additional permits may be requested via RFP until brought into compliance.

2. RFP Process to Individual Drivers.

Eligibility: Applicants should be limited to drivers who are not permit holders and current permit.

Criteria for Selection:

- 1) Experience
- 2) Driving record

- 3) Additional factors, such as experience of driving in San Diego and letters of recommendations

The Selection Committee is to exercise its discretion as to reviewing and developing a selection criteria and assigning points to proposals.

Accountability: Current taxicab regulations.

3. Lottery to Individual Drivers

Eligibility: Drivers are eligible if they are not permit holders and have at least 5 years of experience driving a taxicab in San Diego.

Entrants will only be able to win a single permit award through lottery. Permit holders shall be required to drive the cab a minimum of 175 shifts per year and may lease the cab for the remaining shifts.

4. Auction

Eligibility: Taxi operators providing centralized ownership, dispatch and management of cabs will be eligible to submit bids.

Procedure: Permits will be auctioned individually to the highest bidder.

There should be no limit as to how many permits one person/entity can win, provided that such issuance would not result in any permit holder having an interest in more than 40% of the total active permits. Revenue from the auctions shall be used for administration and enforcement of taxicab regulations' purposes.

MTDB working with the City shall identify alternative funding sources should auction revenues cease to meet staffing and regulatory needs.

B. FORMULA

The formula will be computed as follows:

$$\frac{(\% \text{ growth in population})}{2} + \frac{(\% \text{ growth in hotel room nights occupied})}{2} \quad \times \quad (\text{Current number of permits})$$

All changes are calculated on two year rolling average.

Issue additional permits when the formula yields an increase of a least 40 additional permits.

C. TRANSITIONAL PERIOD

Round 1 - Summer/Fall 2001

Immediately issue 75 permits as follows:

- 50 permits through RFP process in blocks of 20, 20, 5, 5
- 10 permits through RFP process to individuals
- 15 permits by lottery to individual drivers

Round 2 - Fall 2002

Issue 60 permits as follows:

- 20 permits through RFP process to operators in blocks of 10, 5, 5
- 15 permits through RFP process to individuals
- 15 permits by lottery to individual drivers
- 10 permits by auction

Summer of 2003

Review of the process, the monitoring system and report by MTDB

Fall of 2003

Permits issued on the basis of the formula.

D. TRANSFERABILITY

Transferability of new permits shall be as follows:

- Permits issued by RFP (blocks and individuals) are transferable after 5 years
- Permits issued by lottery are transferable after 5 years
- Permits issued by auction are transferable after 5 years.