

**Study of Car/Ride Share Impacts on Taxicab Franchises  
and Review of Taxicab Franchise Regulations**

**Report to the City Council  
City of Sunnyvale**

**Harvey M. Rose Associates, LLC**

**<http://www.harveyrose.com>**

**August 3, 2015**

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Mayor Jim Griffith;  
Members of the City Council  
City of Sunnyvale  
456 West Olive Avenue  
Sunnyvale, CA 94088

Dear Mayor Griffith and Members of the City Council:

Harvey M. Rose Associates, LLC is pleased to present this *Study of Car/Ride Share Impacts on Taxicab Franchises and Review of Taxicab Franchise Regulations*. This report was prepared pursuant to Council Agenda Item 15-0102, study issue DPS 15-02, dated January 30, 2015. This report contains four sections of study findings including: (1) a profile comparison of Sunnyvale taxicab franchises with those of car/rideshare businesses (transportation network companies); (2) an assessment of the impact of car/rideshare businesses on Sunnyvale taxicab franchise businesses; (3) a review and comparison of the City's current taxicab franchise requirements with that of neighboring cities; and, (4) a review and comparison of regulatory developments that have taken place in other jurisdictions. This report also provides nine policy options for consideration by the City Council.

Thank you for providing our firm with the opportunity to conduct this study for the City Council of the City of Sunnyvale.

Sincerely,



Daniel Goncher  
Project Manager

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## Summary of Requested Action

Pursuant to Council Agenda Item 15-0102, study issue DPS 15-02, dated January 30, 2015, Harvey M. Rose Associates, LLC has conducted a study of the impacts of car/ride share companies on taxicab franchises and a review of taxicab franchise regulations. As requested, this report includes: (1) a profile comparison of Sunnyvale taxicab franchises with those of car/rideshare businesses, including the differences, benefits, challenges, and risks; (2) an assessment of the impact of car/rideshare businesses on Sunnyvale taxicab franchise businesses; (3) a review and comparison of the City's current taxicab franchise requirements with that of neighboring cities; and, (4) a review and comparison of regulatory developments that have taken place in other jurisdictions. This report also provides policy options for consideration by the City Council.

## Executive Summary

- Transportation Network Companies (TNCs) provide for pre-arranged transportation services for compensation through online-enabled applications or platforms (such as smart phone apps) that connect passengers with drivers who provide the services in their personal vehicles.
- The TNC industry is relatively new. The industry name was formally established in September 2013 by the California Public Utilities Commission (CPUC) when it adopted the first set of State regulations specifically governing these businesses in California. The CPUC asserted jurisdiction over TNCs by classifying them as charter-party carriers, or transportation providers that provide pre-arranged services for a fee and are subject to regulation by the CPUC. Limousines and many shuttle services are examples of charter-party carriers. By asserting its authority over TNCs, the State has precluded regulation of these companies by cities and counties. Unlike TNCs, State law delegates authority for regulation of taxis to cities or counties since taxis are not classified as charter-party carriers because their services can be pre-arranged or on demand such as hailing a cab on the street. The Department of Public Safety regulates the industry in Sunnyvale to provide a reasonable assurance of driver and passenger safety, consumer protection, and risk reduction.
- As of May 2015, there were 71 permitted taxi drivers in Sunnyvale that operated 71 certified and permitted taxicab vehicles, according to the Department of Public Safety. The number of TNC drivers based in Sunnyvale is unknown as this information is not required to be reported to the State, the City or any other public authority. Uber (one of the largest TNCs) announced in April 2015 that it had exceeded 20,000 drivers providing service in the Bay Area. Comparisons between the two industries and some of their regulations are shown in Exhibit 1.
- The emergence and rapid growth of Transportation Network Companies (TNCs) in Sunnyvale and elsewhere in recent years has created job opportunities for numerous individuals using their personal automobiles and has enabled residents and visitors with smartphones to more easily utilize a greater supply of for-hire transportation options than provided by the taxi industry alone. For drivers, the industry offers easier entry to jobs compared to the taxicab industry as well as more flexibility.

**Exhibit 1: Comparative Characteristics and Regulations  
Taxi Industry vs. Transportation Network Companies**

	<b>Taxi Industry (regulated by the Sunnyvale Department of Public Safety)</b>	<b>Transportation Network Companies (TNCs) (regulated by California Public Utilities Commission)</b>
# Vehicles	71	Unknown (Uber has exceeded 20,000 drivers in the Bay Area as of April 2015)
# Drivers	71	Unknown (Uber has exceeded 20,000 drivers in the Bay Area as of April 2015)
# Companies	6 operating <sup>1</sup>	6 operating in the Bay Area
Extent of required criminal background checks	Each driver's entire adult history through fingerprints.	Most recent 7 years
Extent of DMV record background checks	5 years	Up to 7 years
Training/Testing requirements	One written test covering the taxi code, DMV handbook, State vehicle code, and geography of Sunnyvale	TNCs are required to provide training but no specific content or exam is required in State regulations.
Liability insurance requirements	Taxi companies must carry a minimum of \$1 million combined single limit for bodily injury, death, and damages per occurrence for each vehicle. This level of coverage is applicable to the entire time a driver is on duty, whether a passenger is in the vehicle or not.	<u>Period 1 (When the driver has the app open and is looking for passengers):</u> TNC must provide \$50k death & personal injury per person; \$100k death & personal injury per incident \$30k for property damage; \$200k in excess coverage
		<u>Period 2 (When driver has accepted a match but before passenger is in the vehicle &amp; Period 3 (when the passenger is in the vehicle):</u> TNC must provide primary commercial insurance of \$1 million for death, personal injury, & property damage
		<u>Period 3 (when the passenger is in the vehicle):</u> TNC must also provide uninsured and underinsured motorist coverage of \$1 million
Workers' compensation insurance	Taxi companies are not required to provide for drivers under City code and State law is ambiguous on the matter..	TNCs are not currently required to provide for drivers as they and the CPUC consider drivers independent contractors. However, TNCs are facing multiple lawsuits challenging the status of their drivers.

<sup>1</sup> Two taxicab companies are currently suspended from operating in the City. If those companies were not suspended, the City would have eight operating franchises.

	<b>Taxi Industry (regulated by the Sunnyvale Department of Public Safety)</b>	<b>Transportation Network Companies (TNCs) (regulated by California Public Utilities Commission)</b>
Current Rates	<ul style="list-style-type: none"> <li>▪ \$3.00 or \$3.50 for pick up</li> <li>▪ \$0.30 per 1/10 mile</li> <li>▪ \$30.00 waiting fee per hour (not while in traffic)</li> <li>▪ No fare minimums</li> </ul>	Average rates in Sunnyvale (not including surge prices): <ul style="list-style-type: none"> <li>▪ \$2.53 base fare/pick-up fee</li> <li>▪ \$1.33 per mile</li> <li>▪ \$0.27 per minute</li> <li>▪ \$1.25 safety fee</li> <li>▪ \$5.33 minimum fare</li> </ul>
Rate Comparison Scenario (Fremont High School to Sunnyvale Caltrain Station) <sup>2</sup>	\$9.90 Estimated Total	\$9.00 Estimated Total (Assumes no “surge” pricing)

- TNC services began in Silicon Valley in 2013 with the launch of UberX service in July and Lyft service in October of that year. At least for one taxi franchise in Sunnyvale, there was a drop in the number and amount of taxicab fares in Sunnyvale during the two year period since TNC service was launched in Silicon Valley. In addition, during this period there was a drop in the number of registered Sunnyvale taxi drivers and vehicles according to data provided by the Department of Public Safety. However, it is unclear whether the introduction of TNC service in Sunnyvale caused these downward trends for the City’s taxi industry.
- Unlike TNCs, which are regulated by the CPUC, taxicab companies in California that wish to operate in an area like Silicon Valley, which is made up of numerous jurisdictions, must adhere to the regulations, fees, and permitting processes of each city or county in order to pick up fares in that jurisdiction (taxi companies may drop off in cities other than where they are licensed). The need to be licensed by multiple jurisdictions causes a larger regulatory burden on taxicab franchises and drivers that choose to operate in numerous cities even though they are providing similar services as TNCs.
- There are more barriers and costs to become a taxi driver in Sunnyvale (and most other local jurisdictions) than to become a TNC driver. These additional barriers include having to pass proficiency tests, submitting fingerprints for a criminal background check, submitting a driver permit application, and paying (or arranging for a taxicab franchise to pay) for the driver application fee.
- A comparison of Sunnyvale’s taxicab fees with surveyed neighboring jurisdictions<sup>3</sup> found that the City’s taxicab permit (vehicle inspection) fees are about seven times the median and more than six times the average charged by the surveyed neighboring cities. Additionally, unlike all of the neighboring cities we surveyed, Sunnyvale charges its vehicle inspection fees on a quarterly basis rather than annually, biennially, or per inspection. On the other hand, our survey found that the City’s taxicab franchise fees, taxi driver permit fees, and business license fees are close to the median amounts of the neighboring cities.

<sup>2</sup> A hypothetical scenario was created, utilizing Google Maps, to estimate the difference in costs to a rider between a taxi fare and an average TNC fare. Google Maps showed that a ride from Fremont High School to the Sunnyvale Caltrain Station would span the distance of 2.3 miles and take about eight minutes.

<sup>3</sup> Neighboring jurisdictions we surveyed include San Jose, Santa Clara, Mountain View, Palo Alto, and Cupertino.

- A comparison of City of Sunnyvale's taxicab regulations found that unlike all other surveyed neighboring jurisdictions<sup>4</sup>, the City awards and considers transfers of taxicab franchises through public City Council hearings. The surveyed neighboring jurisdictions award taxicab franchises through an administrative review or hearing managed by their city managers or police chiefs. This provides additional oversight by the City, but also places a higher regulatory burden on applicants.
- Sunnyvale's Taxicab Code (Municipal Code Chapter 5.36), which was most recently updated in 2012, does not completely reflect current technologies and cultural norms. For instance, the Taxicab Code requires the use of operable transmitters and receivers in every taxicab vehicle for contact with the driver's dispatch, but this does not explicitly include the use of mobile phones. Further, the Code requires a daily trip manifest to be kept by every taxi driver, but does not specify that this could be kept in an electronic format and/or through third-party mobile applications (apps). Additionally, the Taxicab Code requires prospective franchisees to provide a description of the proposed uniform to be worn by drivers of applicant's taxicabs, but uniforms for taxicab drivers is a fairly unusual practice in the United States.
- It has been suggested that TNC drivers are independent contractors and might be subject to Business License Tax (Chapter 5.04 of the Municipal Code). However, PUC Code §53714 exempts limousine services from paying business license taxes unless they are domiciled or maintain a business office in the city. It could be argued that this exemption carries over to TNC's as they are categorized similarly by the PUC as charter-party carriers.
- Some other local jurisdictions in California are reviewing their taxicab rules and regulations in response to the emergence of the TNC industry. For instance, the Santa Monica City Council has directed staff to review its ordinances and rules and regulations as they apply to its taxi franchise programs including the allotment of curb space in the downtown area for all for-hire vehicles, inclusive of TNC drivers. In addition, the City of Long Beach took action in May 2015 to relax some of its taxi regulations including: (1) eliminating minimum taxi fares; (2) enabling taxicabs to offer free or discounted rides; (3) increasing the City's cap on each franchisee's fleet size; and, (4) enabling taxicab franchises to implement a mobile app for customer pick-ups.

### **Policy Options for Consideration by the City Council**

We offer the following policy options for consideration by the City Council if the Council wishes to address the apparent decline in taxicab fares and drivers that has occurred in the last two years. The policy options are based on this report's comparison of Sunnyvale taxicab franchises with those of TNCs, our assessment of the impact of the TNCs on Sunnyvale taxicab franchise businesses, our comparison of the City's current taxicab franchise requirements with those of neighboring cities, and reviews and comparisons with regulatory developments that have taken place in other jurisdictions.

1. The City Council could consider lowering the vehicle inspection fee charged to taxicab franchises from its current \$116 per quarter (\$11,600 for five vehicles over five years) to an

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<sup>4</sup> We were unable to confirm the process for awarding taxicab franchises in Mountain View as the City did not respond to multiple inquiries.

amount that is closer to the \$1,560 average or \$1,450 median cost (for five vehicles over five years) of five surveyed neighboring jurisdictions.

2. The City Council could consider revising the schedule of vehicle inspection charges from the current charge of \$116 per quarter to an annual fee, which could be prorated. Shifting this charge from a quarterly payment to an annual fee would reduce the regulatory burden on taxicab franchises and provide an opportunity for greater administrative efficiency for the Department of Public Safety.
3. The City Council could consider extending the length of the driver's permit from one year to two years, which would be consistent with four of the five neighboring jurisdictions that we surveyed. This revision would reduce the regulatory burden on taxicab franchises and drivers.
4. The City Council could consider requesting the Director of Public Safety and the City Manager to participate in a regional effort to establish a single set of regulatory requirements in the area by advocating for the County of Santa Clara to regionalize taxicab franchise regulatory requirements. This would reduce the regulatory burden on taxicabs, and increase efficiencies across the County.
5. The City Council could consider revising the City's process for awarding and transferring taxicab franchises by extending the length of franchise awards and delegating renewal authority to the Director of Public Safety. Delegating responsibility for pre-determined renewal periods would make the City's process for awarding taxicab franchises consistent with other cities in Santa Clara County, could reduce the regulatory burden on prospective taxicab franchisees, and reduce administrative costs associated with work performed by City staff and City Council when reviewing applications for taxicab franchises that have expired.
6. The City Council could consider requesting the City Finance Director, City Manager, or City Attorney to investigate whether TNCs and TNC drivers based in Sunnyvale meet the requirements to pay business license tax in the City of Sunnyvale.
7. The City Council could consider directing staff to study or consider the allotment of downtown curb space for all for-hire vehicles including TNCs and whether vehicles regulated by the City should receive priority spaces. As part of this study, the City Council could direct staff to also contact Caltrain to determine if additional enforcement is necessary for the taxi stand at the two Sunnyvale Caltrain stations.
8. The City Council could consider lowering the minimum number of taxicabs required to be maintained by each franchisee from five vehicles to a lesser amount to lower the barrier to entry into the market for prospective taxicab franchisees.
9. The City Council could consider other revisions to the City's taxicab code to reflect current technologies and cultural norms, including:
  - a. Revising the requirement for operable transmitters and receivers for contact with the driver's dispatch to include mobile phones and/or smart phone applications;
  - b. Advising that the daily trip manifest could be kept in an electronic format and by third party operators; and,
  - c. Removing the requirement that a uniform be worn by the drivers of taxicabs.



## **Background: Taxi and TNC Industries in Sunnyvale**

The following sub sections provide an overview of the taxi and TNC industries in Sunnyvale, including their estimated size and regulatory structure. A summary of these differences is provided in Exhibit 3 below.

### ***Overview of the Taxi Industry in Sunnyvale***

As defined by State law, City code, and City staff, taxicabs that are licensed to engage in the business of transporting passengers for hire can provide their services for up to eight passengers per vehicle within Sunnyvale and to and from other locations outside Sunnyvale. Taxis licensed in other cities may drop off but cannot pick up passengers in Sunnyvale. Taxis may provide ride services to customers on a pre-arranged basis (e.g. through a company's central dispatch system) or on an on-demand basis (e.g. being hailed from a sidewalk or at a taxi line such as at a Caltrain station). Under State law, taxicab transportation services must be regulated at the local city and/or county level.<sup>5</sup> In Sunnyvale, taxicab services are regulated by the Department of Public Safety under Chapter 5.36 of the City's Municipal Code. In addition, the Sunnyvale City Charter, Section 1600 et seq., requires that taxicab service providers obtain a franchise in order to operate in Sunnyvale. The Charter further requires that the City Council grant franchises by ordinance. The procedure for granting franchises must include provisions for public notice and protest hearings. The City Manager is authorized to approve "technical non-substantive amendments." Therefore, under the Charter, the City Council cannot delegate the authority to grant franchises to staff, but the Charter does not appear to preclude the Council from adopting a process where the City Manager or Director of Public Safety approve renewals of a franchise within pre-determined time periods established by the Council.

As of May 2015, there were 71 taxi driver permit holders authorized to operate by the City of Sunnyvale (the City). There are currently six independent taxi companies permitted to operate in the City with 71 vehicles in operation. Details of the City's taxi franchises and the number of drivers that each has are shown in Exhibit 2 below. The City requires taxi companies and drivers to obtain permits and pay certain fees in order to operate taxicabs. Every taxicab in operation must be inspected at least once per year by the first of March.

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<sup>5</sup> California Government Code Section 53075.5

**Exhibit 2: Summary of Sunnyvale Taxicab Industry**

<b>Company</b>	<b>Number of Drivers</b>	<b>Number of Vehicles</b>	<b>Other Cities Served</b>
Green Cab	7	7	San Jose, Santa Clara, Mountain View
Silicon Valley Cab	8	6	Santa Clara, Mountain View
Orange Cab	12	11	San Jose, Santa Clara, Palo Alto
Silicon Valley Checker Cab	35	37	San Jose, Santa Clara, Palo Alto, Los Gatos
California Cab	4	5	San Jose, Palo Alto
Yellow Cab Peninsula	5	5	San Jose, Palo Alto
<b>Total</b>	<b>71</b>	<b>71</b>	

Source: Sunnyvale Department of Public Safety

The City's Municipal Code sets forth several requirements for the taxicab industry. Major regulations of the taxi industry in Sunnyvale under this code include:

- **Driver Experience, Background Checks, Testing, and Training:** The Municipal Code requires all applicants for taxi driver permits to submit fingerprints to the License/Permits Unit, which provides the Agency access to the applicants' entire adult criminal history through the California Department of Justice and the Federal Bureau of Investigation (FBI). The Municipal Code also requires taxicab franchises to maintain a mandatory controlled substance and alcohol testing certification program for all drivers. Further, the Department of Public Safety reviews the driver's Department of Motor Vehicles (DMV) history for the preceding five years. Applicants for taxi driver permits must also pass an exam, which covers the City's Taxicab Code, information from the DMV handbook, the State's Vehicle Code, and the geography of the City.
- **Insurance:** All taxicab companies must carry a policy of insurance in a form deemed proper by the City Attorney with an A.M. Best rating of at least A:VII. The insurance policies must provide auto liability coverage of a minimum of \$1,000,000 per occurrence combined single limit for bodily injury to or death of any persons and for damages to or destruction of property in any one accident. Further, taxicab companies must maintain insurance that covers all vehicles.
- **Workers' Compensation:** The Sunnyvale Municipal Code does not require taxi companies to carry workers' compensation insurance for their drivers and State law is ambiguous regarding whether taxicab franchises are required to provide workers' compensation for all employees. Although the Internal Revenue Service and the California Franchise Tax Board consider taxi drivers independent contractors, the Courts have ruled<sup>6</sup> that taxi drivers are employees for the purposes of workers compensation. Despite this decision, most taxi companies continue to regard their drivers as independent contractors.

<sup>6</sup> Yellow Cab Cooperative, Inc. v. Workers' Comp. Appeals Board (1991) 226 Cal.App.3d 1288.

- **Pricing:** The Municipal Code requires that all taxicabs install taxi meters that have been inspected annually by the County Department of Weights and Measures. Further, taxi companies may only charge fees and rates that are approved by the Department of Public Safety for the company, and such fees and rates must be posted in a conspicuous place in a permanent and secure manner in the passenger compartment.

Currently, the fares charged by taxicab franchises in Sunnyvale are mostly uniform. Most charge a pick up fee of \$3.50 (one company charges a pick up fee of \$3.00) and charge \$0.30 per 1/10 mile with gas surcharges of \$0.50 increments when gas reaches \$4.50, \$5.00, \$5.50 per gallon, etc. as shown in the AAA Daily Fuel Gauge Report. Additionally, all Sunnyvale taxicab franchises charge a waiting time fee of \$30.00 per hour and provide for a 10%-15% discount for disabled passengers and/or passengers over the age of 65.

- **Paratransit Services:** Under the federal Americans with Disabilities Act, the Santa Clara Valley Transportation Authority (VTA) is required to offer paratransit service to qualified disabled individuals who are not able to use the transit system because of a disability or disabling health condition. VTA meets this requirement in part by contracting with several taxi companies throughout the County. Two of these taxi companies are licensed to operate in Sunnyvale: Yellow Cab Peninsula and Green Cab.
- **Administrative Hearings for Citations/Loss of Permits:** The Municipal Code establishes procedures for public administrative hearings for drivers or taxi franchisees whose permits are revoked.
- **Vehicle Maintenance and Inspection:** The Municipal Code requires that all taxicab franchisees present every permitted vehicle to the Department of Public Safety once a year on or before the first of March and present all vehicles proposed to be added to the fleet prior to use by the owner or driver. The City inspects taxicab vehicles based on a 32-point inspection.

### ***Overview of the Transportation Network Company Industry in Sunnyvale***

Transportation Network Companies (TNCs) provide prearranged transportation services for compensation using an online-enabled application or platform (primarily through smart phone apps) to connect passengers with drivers who provide the service in their personal vehicles. The companies that comprise the industry are relatively new and were not defined as Transportation Network Companies until September 2013 when the California Public Utilities Commission (CPUC) created the name and adopted the first set of State regulations specifically governing these businesses. Uber and Lyft, two of the largest TNCs operating in California, launched operations in Silicon Valley, including Sunnyvale, in July 2013 and October 2013, respectively.

The CPUC asserted itself as the regulatory body with jurisdiction over TNCs by classifying them as charter-party carriers, which are defined in State law as transportation services for hire on a pre-arranged basis, which are regulated by the CPUC.<sup>7</sup> Taxis are not classified as charter-party carriers as passengers can arrange for taxi services on a pre-arranged basis or on an impromptu basis such as hailing a cab on the street or at a taxi stand. This is not a strong distinction as passengers can request a TNC vehicle on their smartphones on the street and have a vehicle arrive almost instantaneously if one is nearby. State law delegates authority for regulation of taxis to cities or counties by ordinance or resolution.<sup>8</sup> TNCs are regulated by the CPUC under its Safety and Enforcement Division.

It is not possible to provide the exact number of TNC vehicles in Sunnyvale or the Silicon Valley area at this time due to the lack of information reported and publicly available from TNCs. However, in April 2015, Uber released an announcement that it had exceeded 20,000 drivers in the Bay Area. From previous research that we conducted in June 2014 for the City and County of San Francisco Board of Supervisors, we learned that City and County of San Francisco officials estimated that between 5,000 and 10,000 TNC vehicles were operating in San Francisco. Since residents and visitors in San Francisco and other larger and dense local cities like Oakland and San Jose are more likely to utilize taxicabs for transport services, it's likely that the majority of TNC drivers operate in those areas. The number of drivers who provide services at least part time for Uber, just one of the TNCs, worldwide is estimated at 155,000.<sup>9</sup>

The six known TNCs that have filed permit applications with the CPUC and are operating in Silicon Valley are: (1) Uber; (2) Lyft; (3) Sidecar; (4) Wingz (formerly Tickengo); (5) Summon (formerly known as InstantCab); and, (6) Shuddle (exclusively for transporting unaccompanied minors). In addition, Raiser, LLC, a subsidiary of Uber, operates a service called Uber X, which is a lower cost version of the parent company's luxury service known as UberBlack.<sup>10</sup> Two companies, Flywheel and RideCharge Inc., which only partner with licensed taxi fleets and drivers, operate smart phone applications ("Flywheel" and "Curb," formerly known as "Taxi Magic") that allow customers to prearrange rides with taxicabs in various municipalities, including Sunnyvale. Flywheel and RideCharge are not considered TNCs because they do not connect passengers with drivers who are using their personal vehicles and are therefore subject to local taxicab laws, not to TNC regulations.

The CPUC began regulating TNCs after its September 2013 Public Utilities Commission decision<sup>11</sup> to "adopt rules and regulations to protect public safety while allowing new

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<sup>7</sup> California Public Utilities Code Sections 5351 – 5363.

<sup>8</sup> California Public Utilities Code Sections 5353(g).

<sup>9</sup> "Growth in the 'Gig Economy' Fuels Work Force Anxieties," Noam Scheiber, New York Times, 7/12/15.

<sup>10</sup> UberBlack provides a network for prearranging rides with licensed chauffeurs of black sedans and SUVs.

<sup>11</sup> Decision 13-09-045 dated September 19, 2013.

entrants to the transportation industry.” These rules and regulations, which are in the process of being updated<sup>12</sup>, cover the following areas:

- **Permit and Fees to Operate:** TNCs must obtain a permit from the CPUC in order to operate legally on California’s streets and highways. Applicants must pay a \$1,000 initial fee for a three year permit and \$100 for permit renewals. TNCs must also pay 0.33 percent of their California gross revenues plus a \$10 administrative fee on a quarterly basis to the CPUC.
- **Insurance Requirements:** The CPUC requires TNCs to obtain proof of insurance from each TNC driver before the driver begins providing service and for as long as the driver remains available to provide service. Additionally, TNC drivers are required to provide proof of both their personal insurance and the commercial excess liability insurance in the case of an accident<sup>13</sup>. The CPUC requires TNCs to ensure insurance coverage for each of the three TNC service periods, with each period having its own insurance level as described below:
  - **Period One** is when the app is on, but the driver has not yet accepted a ride request. For Period One, the CPUC requires TNCs to have primary insurance of at least \$50,000 for death and personal injury per person, \$100,000 for death and personal injury per incident, and \$30,000 for property damage. The CPUC also requires TNCs to have \$200,000 in excess coverage per occurrence.
  - **Periods Two and Three** are when the driver has accepted a ride but has not yet picked up a passenger and when the driver is transporting the passenger, respectively. The CPUC requires TNCs to carry primary commercial insurance of \$1,000,000 for death, personal injury, and property damage during these two periods. The CPUC also requires TNCs to maintain \$1,000,000 of uninsured motorist insurance during Period Three, which is from the moment the passenger enters the vehicle until the passenger exits the vehicle.
- **Workers’ Compensation:** TNCs do not provide workers’ compensation insurance to their drivers as these companies assert that the drivers are contractors, rather than employees. Further, the CPUC has not placed any mandates on the TNC industry regarding workers’ compensation. Depending on individual TNC drivers’ personal insurance, they may have optional income continuation and medical payments coverage, but, if they don’t have such coverage, or if there are limitations to their coverage, their insurance would not provide lost wages, compensation for future losses, medical costs and benefits payable to dependents, as is typically covered by workers’ compensation insurance.

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<sup>12</sup> The CPUC is in the process of reviewing existing regulations over limousines and other charter party carriers and will consider the regulatory impact of any legislative changes on the regulation of TNCs. The CPUC is scheduled to complete this review by October 2016.

<sup>13</sup> Since the development of TNCs, many insurance companies have stated that they will not provide coverage on a driver’s personal insurance if it is determined that an incident occurred while the driver was providing commercial services such as driving for a TNC.

- In June 2015 the California Labor Commissioner<sup>14</sup>, ruled that a former Uber driver should be classified as an employee, not an independent contractor. Although this ruling could have a wider ranging impact, including on the provision of workers' compensation benefits if future court decisions concur, the Labor Commissioner's ruling is currently limited to the former driver who filed the claim and is also under appeal by Uber.
- **Driver Background Checks and Oversight:** The CPUC requires TNCs to perform national criminal background checks on all drivers, including the national sex offender database based on the applicant's Social Security number and not just the applicant's name. This check is less strenuous than the background checks conducted by Sunnyvale and other municipalities, which rely on fingerprints and accesses the individual's entire adult criminal history through the California Department of Justice and the Federal Bureau of Investigation (FBI).

The CPUC does not allow TNC services to be provided by drivers who have been convicted of driving under the influence, fraud, sexual offenses, use of a motor vehicle to commit a felony, a crime involving property damage and/or theft, acts of violence, or acts of terror in the last seven years. Further, the CPUC does not permit individuals with convictions for reckless driving, driving under the influence, hit and run, or driving with a suspended or revoked license to be TNC drivers. In addition, the CPUC requires TNCs to ensure their drivers' Department of Motor Vehicles (DMV) records have no more than three points<sup>15</sup> within the preceding three years. TNCs are required to check the DMV records of the drivers prior to allowing them to use their app and annually thereafter.

The CPUC also requires TNCs to participate in the California DMV Employer Pull Notice Program to obtain timely notice when major incidents, such as convictions and accidents, are added to a TNC driver's driving record.

- **Driver Training:** The CPUC does not have specific driver training requirements for TNCs, but all TNCs were required to submit a written Driver Training Program to the CPUC by November 4, 2013. The CPUC September 19, 2013 decision simply stated that "TNCs must ensure that all drivers are safely operating their vehicle prior to the driver being able to offer service."

Our review of TNC driver training program reports submitted to the CPUC found that they range from a description of a company's requirement that drivers receive training on how to use their app to an online driver education program combined with an in-person mentor pairing. All of these training programs appear to be brief, do not include substantive curriculums, do not generally include any kind of

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<sup>14</sup> The Office of the Labor Commissioner, also known as the Division of Labor Standards Enforcement, adjudicates wage claims, investigates discrimination and public works complaints and enforces State Labor Code statutes and Industrial Welfare Commission orders.

<sup>15</sup> When drivers are given tickets by a law enforcement official or when a driver gets into an accident they are assigned points. Each incident is assigned a point. Depending on the type of traffic ticket, a driver can receive from one to two points for a traffic ticket. Accidents are assigned one point.

proficiency exams, and do not generally include information on how to provide proper service to passengers with special needs.

- **Pricing:** There are no CPUC requirements regarding the pricing of TNC services. Pricing of TNC services varies by and within companies and may be changed by TNCs at any time, or according to location, weather conditions, special events, or, hypothetically, among different classes of customers. Pricing of TNC services has fluctuated widely as TNCs lower prices to compete with each other for market share and, in some cases, raise prices at times and in locations of high transportation demand ("surge pricing"). TNCs that provide a platform for passengers to hail licensed taxi cabs generally charge the passenger a \$1 service fee on top of the taxi fare, and charge the driver ten to twenty percent of the metered fare.

While taxis in Sunnyvale currently only charge for distance traveled (all currently charge \$0.30 per 1/10 mile) and not for time spent waiting in traffic, TNCs may charge for distance traveled and time spent in transit at the same time. However, in general, TNC fares per mile are lower than those of taxis. Further, taximeters are devices approved by the Department of Weights and Measures to measure time and distance for the purpose of paid taxi transportation services, whereas the TNCs use smartphones for this purpose. GPS technology used in smartphones has not been approved for calculating transportation fares charged to the public, but a working group of the federal Weights and Measures Division is working to develop standards for such use. The TNC company pricing schemes are summarized in Exhibit 3 below:

**Exhibit 3: Summary of TNC Pricing as of June 2015**

Company	Pricing Scheme
Uber/Raiser	<p>Uber offers four different types of services through its app in addition to connecting passengers to taxicabs. The company's website states that the pricing is as follows:</p> <ul style="list-style-type: none"> <li>• <b>Uber X:</b> <ul style="list-style-type: none"> <li>○ Cost per mile: \$1.30</li> <li>○ Base Fare: \$2.20</li> <li>○ \$0.26 per minute</li> <li>○ Safe Rides Fee: \$1.00</li> <li>○ Minimum Fare: \$5.00</li> <li>○ Cancellation Fee: \$5.00</li> </ul> </li> <li>• <b>Uber XL (for "large groups"):</b> <ul style="list-style-type: none"> <li>○ Cost per mile: \$2.15</li> <li>○ Base Fare: \$5.00</li> <li>○ \$0.45 per minute</li> <li>○ Safe Rides Fee: \$1.00</li> <li>○ Minimum Fare: \$8.00</li> <li>○ Cancellation Fee: \$5.00</li> </ul> </li> <li>• <b>UberBLACK:</b> <ul style="list-style-type: none"> <li>○ Cost per mile: \$3.75</li> <li>○ Base Fare: \$8.00</li> <li>○ \$0.65 per minute</li> <li>○ Minimum Fare: \$15.00</li> <li>○ Cancellation Fee: \$10.00</li> </ul> </li> <li>• <b>UberSUV:</b> <ul style="list-style-type: none"> <li>○ Cost per mile: \$3.75</li> <li>○ Base Fare: \$15.00</li> <li>○ \$0.90 per minute</li> <li>○ Minimum Fare: \$25.00</li> <li>○ Cancellation Fee \$10.00</li> </ul> </li> </ul> <p>The company's site states that at times of intense demand, its rates change over time to keep vehicles available. Uber also provides flat rate services for UberBlack and UberSUV between SFO Airport and the City of San Francisco to Palo Alto (ranging from \$81 to \$150).</p>



Company	Pricing Scheme
Lyft	<p>Lyft charges the following to customers in their Silicon Valley service area, which includes Sunnyvale:</p> <p>Lyft Pricing (up to four passengers)</p> <ul style="list-style-type: none"> <li>• Cost per Mile: \$1.35</li> <li>• Cost per Minute: \$0.27</li> <li>• Base (Pick Up) Charge: \$2.25</li> <li>• Trust and Safety Fee<sup>16</sup>: \$1.50</li> <li>• Minimum Fare: \$5.00</li> <li>• Cancellation Fee: \$5.00</li> <li>• Airport Fees: Varies</li> </ul> <p>Plus Pricing (up to six passengers)</p> <ul style="list-style-type: none"> <li>• Cost per Mile: \$2.02</li> <li>• Cost per Minute: \$0.40</li> <li>• Base (Pick Up) Charge: \$3.37</li> <li>• Trust and Safety Fee \$1.50</li> <li>• Minimum Fare: \$7.00</li> <li>• Cancellation Fee: \$5.00</li> </ul> <p>Airport Fees: Varies</p>
Shuddle	<p>Shuddle provides ride services to unaccompanied minors in the Bay Area. According to the company's website, in general, rides 0-5 miles will be between \$12-\$15, but fares may vary depending on traffic and how long the driver waits for the passenger to depart. Other fare information is as follows:</p> <ul style="list-style-type: none"> <li>• Minimum Fare: \$12</li> <li>• Monthly Membership Fee: \$9</li> </ul>
Sidecar	<p>Sidecar's website states that its drivers set their own prices and that passengers are able to choose their ride based on estimated time of arrival or by price. The site further states that drivers' prices are disclosed prior to the passenger requesting the ride. Drivers may set their prices based on passenger demand, amenities offered in their vehicle, or any other factor.</p>
Wingz (formerly Tickengo)	<p>Wingz provides a platform for ridesharing to San Jose Mineta, San Francisco and Oakland International Airports. An online inquiry showed that the company offers fares of \$25 to San Jose Mineta Airport, \$57 to San Francisco International Airport, and \$75 to Oakland International Airport from Sunnyvale's Civic Center.</p>

<sup>16</sup> In May 2014, Lyft's website stated that its Trust & Safety fee supports its "industry-leading safety standards, including upfront and ongoing driving record checks, background checks, and our \$1,000,000 per-occurrence liability insurance policy."

Company	Pricing Scheme
<p>Summon (formerly InstantCab)</p>	<p>The Summon website states that it's pricing is as follows:</p> <p><i>"Summon Ahead" Service (not currently offered in Sunnyvale)</i></p> <ul style="list-style-type: none"> <li>• \$12.50 flat fare for first 20 minutes. Anything after 20 minutes is subject to "On-Demand" and "Flat Fare" pricing</li> <li>• Ride must be scheduled 3 hours to 14 days in advance</li> </ul> <p><i>"Summon On-demand" Service</i></p> <p><b>Taxi Rides</b></p> <ul style="list-style-type: none"> <li>• Taxi Meter + \$1.00 convenience fee</li> <li>• Default tip amount is 15%. This can be changed within 24 hours of the ride.</li> </ul> <p><b>Personal Rides</b></p> <ul style="list-style-type: none"> <li>• Cost per Mile: \$1.35</li> <li>• Cost per Minute: \$0.27</li> <li>• Base Fare: \$3.15</li> <li>• Minimum Fare: \$6.00</li> <li>• No surge pricing or prime time tips are charged.</li> </ul> <p>Summon uses a "flat fares" scheme during special occasions, which the company states is not affected by traffic, and is measured on a per mile basis. The company's website states that its flat fare amounts are subject to change based on the event. The company's website provides the following example of how flat fares are broken down per mile:</p> <ul style="list-style-type: none"> <li>• Fares from 0-2 miles - \$15</li> <li>• Fares from 2-4 miles - \$30</li> <li>• Fares from 4-6 miles - \$45</li> <li>• Fares from 6-10 miles - +\$15 incrementally</li> </ul>

Source: Harvey M. Rose Associates review of TNC websites as of June 30, 2015.

Note: All fares shown are subject to change without approval by any public agency, including the CPUC.

- **Paratransit Services:** The CPUC does not require TNCs to provide paratransit services. However, the CPUC does require TNCs to allow passengers to indicate whether they require wheelchair-accessible vehicles or vehicles otherwise accessible to individuals with disabilities. Further, the CPUC mandated that all TNCs provide an Accessibility Plan to the CPUC by November 2013. These plans were required to include the following:
  - A timeline for modifying apps so that they allow passengers to indicate their access needs, including, but not limited to, the need for a wheelchair accessible vehicle. A passenger should be allowed to state other access needs, either from a drop-down menu with room for comments or through a field requesting information.

- A plan for how the TNC will work to provide appropriate vehicles for passengers who specify access needs, including, but not limited to, a plan to provide incentives to individuals with accessible vehicles to become TNC drivers.
- A timeline for modifying apps and TNC websites so that they meet accessibility standards.
- A timeline for modifying apps so that they allow passengers to indicate that they are accompanied by a service animal, and for adopting a policy that service animals will be accommodated.
- A plan for ensuring that drivers' review of customers will not be used in a manner that results in discrimination, including any policies that will be adopted and any monitoring that will take place by the TNC to enforce this requirement.

In addition, in September 2014 the CPUC began requiring that all TNCs provide an annual report detailing the number and percentage of their customers who have requested accessible vehicles, and how often the TNC was able to comply with requests for accessible vehicles. The CPUC also requires all TNCs to provide a plan on how they will avoid creating a divide between able and disabled communities. According to a recent CPUC decision, Uber has not submitted such reports, but other TNCs have. Uber was been fined \$7.3 million in July 2015 and threatened with suspension by the CPUC for not complying with the requirement.

- **Administrative Hearings for Citations/Loss of Permits:** The CPUC's rules and regulations over TNCs does not specify an administrative hearing process for citations or revocation of permits other than to state that, "if a passenger files a complaint against a TNC or TNC driver with the Commission, Commission staff shall have the right to inspect TNC records and vehicles as necessary to investigate and resolve the complaint to the same extent the Commission and Commission staff is permitted to inspect all other charter-party carriers."
- **Vehicle Maintenance and Inspection:** The CPUC requires TNCs to inspect a driver's vehicle, or have the vehicle inspected (based on a 19 point inspection) at a facility licensed by the California Bureau of Automotive Repair prior to commencing TNC service, but there is no requirement that additional periodic inspections be conducted. The CPUC primarily relies on local jurisdictions to enforce this requirement.

A summary of the differences between the taxi industry and the TNC industry and risks associated with some of those differences is displayed in Exhibit 4 below.

**Exhibit 4: Taxi vs. TNC Industry in Sunnyvale**

Element	Taxi Industry	TNC Industry	Notes
Estimated Number of Vehicles	71	Unknown due to lack of publicly available information.  <i>(Uber, likely the largest TNC, reported in April 2015 to have exceeded 20,000 drivers in the Bay Area.)</i>	The increase in TNC vehicles add significantly to for-hire transportation options for Sunnyvale residents and visitors. This extra capacity may also be: (a) creating some additional wear and tear on the City's streets, though information is not available about what mode of transport TNC passengers were using prior to TNCs (e.g., taxis, own vehicles, public transit, bicycles), (b) could slow down public transit, and increase congestion, emissions, and risk of collisions with pedestrians, bicycles and other vehicles.
Estimated Number of Drivers	71	Unknown due to lack of publicly available information.  <i>(Approximately 5,000 to 10,000<sup>17</sup> are estimated to be operating in the City of San Francisco.)</i>	See comments above for Estimated Number of Vehicles.
Upfront Costs to New Drivers	\$178 for initial driver permit (includes driver testing & background check).	No known fees required by the State, but TNCs may require new drivers to pay for the background checks.	The lower cost to become a TNC driver could be contributing to the recent decrease in taxi drivers reported by the Department of Public Safety and by some Sunnyvale taxi franchisees.
Driver Experience/ Background Checks	The Department of Public Safety conducts fingerprint-based checks on entire adult criminal history and preceding five years of DMV history.  The City requires that drivers be at least 18 years of age, but doesn't require a minimum amount of driving experience.	TNCs are required to check only seven years of criminal history using a search based on information provided by the driver (name and social security number). TNCs are required to review seven years of DMV records, which is two years more than the requirement for Sunnyvale taxi drivers.  There are no apparent minimum age requirements set by most TNCs. The CPUC requires that TNC drivers be at least 21 years of age.	TNCs' required criminal and driving background checks are limited by law to seven years because they are private entities. TNC drivers with hazardous or criminal activity histories could be approved for driving for a TNC as the TNC background checks are based on information provided by the driver.  As a public agency, the Department of Public Safety conducts more extensive criminal background checks of potential taxi drivers, including a complete adult criminal history based on fingerprints, which provides access to the Federal Bureau of Investigation (FBI) and State Department of Justice databases.

<sup>17</sup> Ibid

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August 3, 2015

Element	Taxi Industry	TNC Industry	Notes
Driver Training/ Safety	The Department of Public Safety requires all new drivers to pass a test administered by the City displaying: (1) Proficient knowledge of traffic laws of City and State; (2) Proficient knowledge of streets of Sunnyvale; (3) ability to read, understand, and communicate in English; and, (4) ability to properly and safely operate a taxi.	CPUC only requires provision of a driver safety training plan from TNCs.	The disparity in driver testing presents a heightened risk of inexperienced and/or ill-prepared TNC drivers on the streets. Although the Department of Public Safety tests for taxi driver proficiency in traffic laws, the streets of Sunnyvale, English, and ability to safely operate a taxi, TNC training programs are primarily limited to teaching drivers how to use the company's app. TNC programs generally do not have standardized proficiency exams.
Insurance Coverage	The City requires that all taxicab companies carry primary commercial auto liability coverage of a minimum of \$1 million per occurrence combined single limit for bodily injury to or death of any persons and for damages to or destruction of property in any one accident. All vehicles must be covered at all times they are on duty.	<p>The CPUC requires TNCs to obtain proof of insurance from each TNC driver before the driver begins providing service and for as long as the driver remains available to provide service.</p> <p>The CPUC requires TNCs to ensure insurance coverage for each of the three TNC service periods, with each period having its own insurance level as described below:</p> <p><b>Period One</b> is when the app is on, but the driver has not yet accepted a ride request. For Period One, the CPUC requires TNCs to have primary insurance of at least \$50,000 for death and personal injury per incident, and \$30,000 for property damage. The CPUC also requires TNCs to have \$200,000 in excess coverage per occurrence.</p> <p><b>Periods Two and Three</b> are when the driver has accepted a ride but has not yet picked up a passenger and when the driver is transporting the passenger, respectively. The CPUC requires TNCs to carry primary commercial insurance of \$1 million for death, personal injury, and property damage during these two periods. The CPUC also requires TNCs to maintain \$1 million of uninsured motorist insurance during Period Three, which is when the passenger is in the vehicle.</p>	<p>The current insurance requirements for TNCs became mandatory as of July 1, 2015 due to the passage of AB 2293 by the State Legislature. These are the latest in a set of requirements that have been revised multiple times since the CPUC began regulating TNCs in 2013 in response to concerns raised by the State Insurance Commissioner and other stakeholders.</p> <p>The insurance coverage for taxicabs in Sunnyvale is significantly higher and more comprehensive, particularly for the period comparable to the TNCs' Period One when drivers are on duty, but have not accepted a ride request. In addition, Sunnyvale taxicab franchises must carry policies that notify the City in writing at least 30 days before the cancellation becomes effective. The CPUC does not have a notification requirement, but its insurance requirements state that the TNC license automatically expires upon expiration of its insurance policy unless and until the TNC provides an updated insurance policy and applies to renew its license.</p>

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August 3, 2015

Element	Taxi Industry	TNC Industry	Notes
Pricing	<p>Taxi charges must be filed with the City and tracked by taximeters, which are first approved for taxi use by the State and periodically inspected by the County. Changes to fares occur only when submitted to the Department of Public Safety. The current charges are:</p> <ul style="list-style-type: none"> <li>▪ \$3.00 or \$3.50 for pick up</li> <li>▪ \$0.30 per 1/10 mile</li> <li>▪ \$30.00 waiting fee per hour (not while in traffic)</li> <li>▪ No minimum fare</li> </ul>	<p>Pricing of TNC transportation services is not metered or regulated, varies by company, can include premium or “surge” charges during periods of high demand, and can be changed by each company at any time and on any basis. The average rates<sup>18</sup> of TNCs operating in Sunnyvale (not including surge prices) are:</p> <ul style="list-style-type: none"> <li>▪ \$2.53 base fare/pick-up fee</li> <li>▪ \$1.33 per mile</li> <li>▪ \$0.27 per minute</li> <li>▪ \$1.25 in safety fees</li> <li>▪ \$5.33 minimum fare</li> </ul> <p>Note: TNCs may charge passengers based on distance AND time at the same time.</p>	<p>While average TNC fares currently do not appear to vary significantly from taxi fares, taxi fares are regulated, more stable and more transparent across the taxi industry than the TNC industry. There is no public review for consumers or approval by a public body for any permanent or temporary (“surge pricing”) changes in TNC prices.</p> <p>While TNC charges per mile are, on average, less than taxi rates, TNCs may change their fares on any basis (time, location, special events, weather, public emergencies, marketing promotions, and potentially, classes of customers).</p>
Workers’ Compensation	<p>Taxi companies are not required to provide for drivers under City code, and State law is ambiguous. Although the IRS and California Franchise Tax Board consider drivers independent contractors, the Courts have ruled otherwise for the purposes of workers compensation.</p>	<p>TNCs are not required by the CPUC to provide workers’ compensation insurance for their drivers. TNCs have maintained that their drivers are independent contractors, not employees.</p>	<p>Taxi and TNC drivers face the risk of becoming permanently and totally disabled by an automobile accident or being unable to work due to an accident. Unless they have some income continuation coverage in their personal insurance that would be allowed by their carrier, TNC drivers (and potentially taxi drivers) that are permanently disabled or become unable to work while driving for a TNC have no protection from loss of income due to a catastrophic injury.</p>
Administrative Hearings	<p>The City’s Taxicab Code provides for due process in the form of public administrative hearings for drivers or taxi companies whose permits are revoked or suspended.</p>	<p>No formal hearing process has been established for TNCs that receive citations or have had their operating permits revoked by the CPUC other than the Commission’s ruling that complaints shall be resolved to the same extent that complaints are investigated and resolved for other charter-party carriers. As to TNC drivers, they do not have access to a formalized hearing process or any other recourse if they are suspended or terminated by a TNC.</p>	<p>The City’s enforcement of Taxicab Code regulations is very structured and allows for an open and fair hearing process while providing mechanisms to keep taxi companies and their drivers accountable. The CPUC oversight of complaints and enforcement of its rules and regulations is at a nascent stage and its effectiveness and balance is largely unknown.</p>

<sup>18</sup> This average includes rates from Summon, Lyft, and Uber (UberX and UberBlack). It does not include rates from Sidecar as those rates are determined by the company’s drivers nor does it include rates from Wingz as the company solely provides services to and from local airports. It also doesn’t include rates from Shuddle as the company exclusively provides rides for unaccompanied minors. Additionally, it does not include rates from more expensive specialty services provided by Uber such as UberXL and UberSUV.

Element	Taxi Industry	TNC Industry	Notes
Vehicle Maintenance/ Inspection	The Taxicab Code requires that all taxicab franchisees present every vehicle to the City annually for a 32-point inspection.	The CPUC places responsibility for a 19-point vehicle inspection on TNCs. Unlike inspections of taxis by Department of Public Safety staff, CPUC staff do not inspect vehicles used by TNCs.	The City regulation and oversight of taxi vehicle maintenance and inspection appears to be much more rigorous and tightly controlled than the CPUC's oversight of TNC vehicles.

Source: Sunnyvale Department of Public Safety, CPUC, Sunnyvale Taxicab Code, and websites of various TNCs.

## **Impact of the TNC Industry on Sunnyvale Taxicab Franchises**

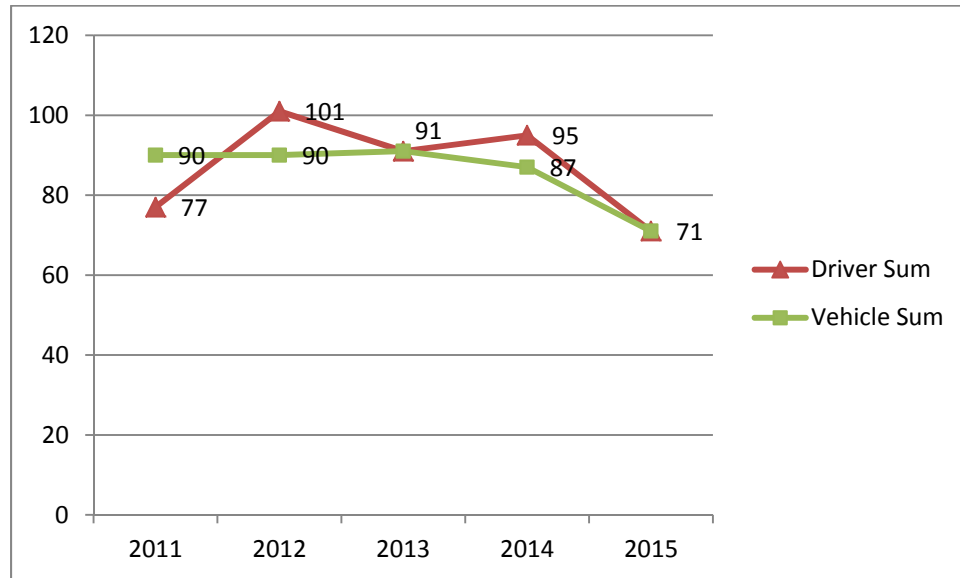
Uber and Lyft, the two largest TNCs operating in the Bay Area both launched service in Silicon Valley, including in Sunnyvale, in 2013 (Uber launched in July and Lyft launched in October of that year). Although data provided by the Department of Public Safety and one of the City's taxicab franchises show drops in the number of taxicab drivers, vehicles, and fares from 2013 to 2015, there isn't sufficient evidence to show that the launch of TNC services necessarily caused, or was the primary cause, of the decreases.

Data provided by the Department of Public Safety show a citywide drop in the number of permitted drivers and vehicles between 2011 and 2015. Data provided by Silicon Valley Checker Cab (Yellow Checker Cab Company Inc.), which is the largest of the six taxicab franchises operating in Sunnyvale, show a drop in the number of fares and the metered amount collected from fares. Additionally, two taxicab franchisees reported at a focus group conducted as part of this review that they had found it more challenging to hire drivers since TNC services were launched in Sunnyvale.

### ***Supply and Availability of Taxicab Drivers and Vehicles***

Data provided by the Department of Public Safety show a modest decrease in the number of permitted taxicab drivers and vehicles in recent years. Specifically, the data show that the number of taxicab drivers citywide has dropped from 77 in 2011 to 71 in 2015, a decrease of approximately eight percent. Similarly, the Department's data show that the number of all permitted taxi vehicles has dropped from 90 in 2011 to 71 in 2015, a decrease of about 21 percent. The data provided by the Department of Public Safety is shown in Exhibit 5 below.

**Exhibit 5: Department of Public Safety Data on the  
Citywide Number of Permitted Taxicab Drivers and Vehicles  
2011 to 2015**



Source: Department of Public Safety Data

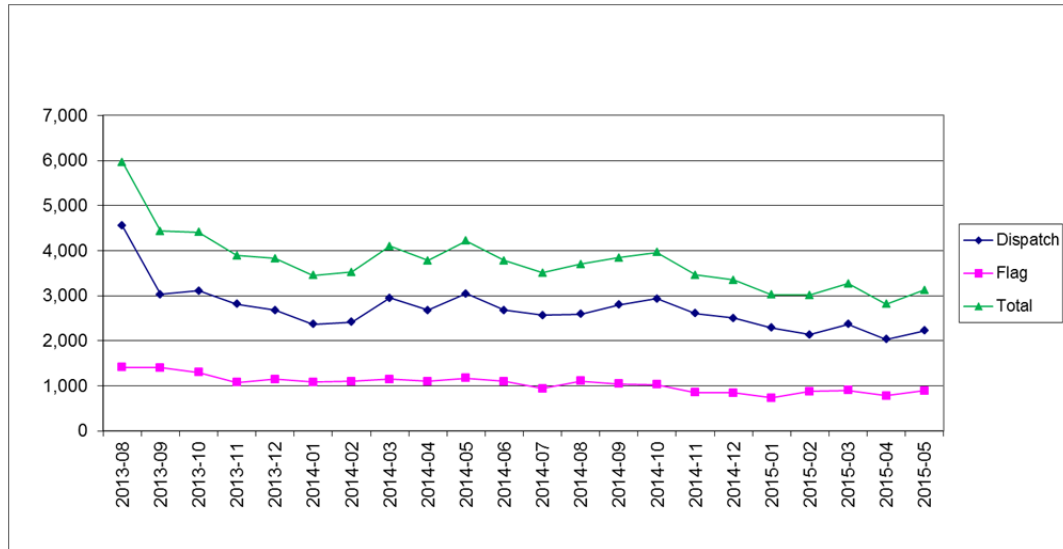
Although the citywide number of permitted taxicab drivers and vehicles has dropped since 2011, it is unclear how much, if any, of this drop has been caused by the launch of TNC services in Sunnyvale in 2013. For instance, between 2014 and 2015 the number of permitted vehicles dropped by 24 (25 percent) and the number of permitted drivers dropped by 16 (18 percent). However, over the same period, two of the City's taxicab franchises were suspended by the City. These two taxicab franchises accounted for nine of the permitted drivers and nine of the permitted vehicles in 2014. Therefore, about 38 percent of the decrease in drivers and about 56 percent of the decrease in vehicles were solely due to the suspension of these two franchises. Further, it's possible that other factors unrelated to the TNC industry such as changing economic conditions could have had an impact on the number of drivers and vehicles operating in Sunnyvale over this period of time.

### ***Number and Dollar Amount of Taxicab Fares***

Data provided by Silicon Valley Checker Cab, the City's largest taxicab franchise, show that the franchise's fares and metered amounts collected decreased between August 2013 and May 2015. The data on fares (number of rides) shows an overall drop of 2,841 rides per month, a 48 percent drop from 5,965 in August 2013 to 3,124 in May 2015 as shown in Exhibit 6 below. As shown in the exhibit, dispatch fares (rides requested through the franchise's central dispatch) dropped by 2,326 monthly rides, a 51 percent decrease, while rides flagged (hailed from the street or at the Caltrain station) dropped by 515 monthly rides, a 37 percent decrease.



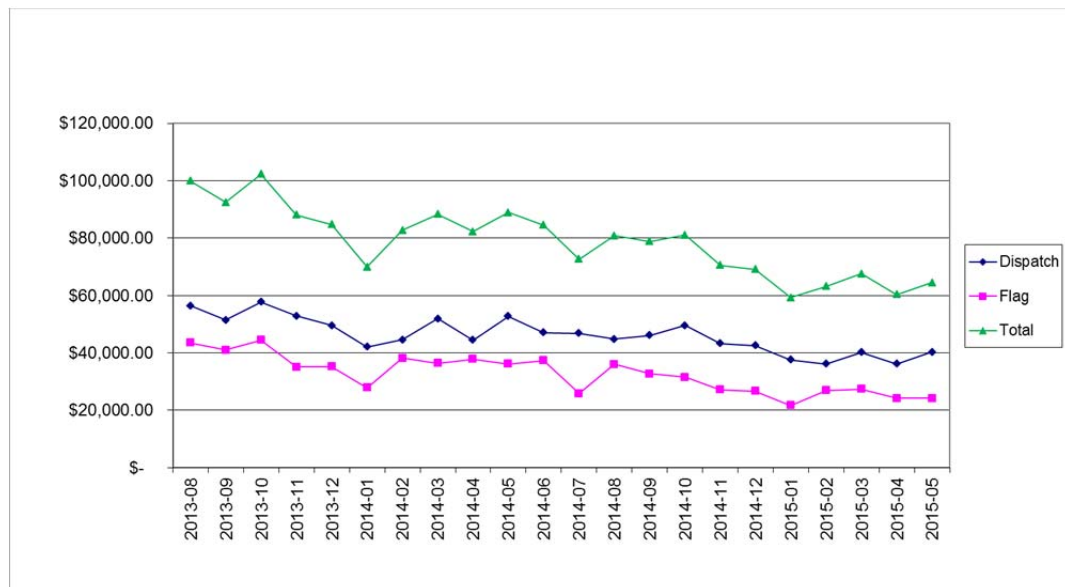
**Exhibit 6: Silicon Valley Checker Cab Data on the Number of Monthly Fares  
August 2013 to May 2015**



Source: Silicon Valley Checker Cab Data on Sunnyvale Fares

Data provided by Silicon Valley Checker Cab on the monthly meter totals from August 2013 to May 2015 shows an overall drop of \$35,390 (35 percent) in monthly collections over that time as shown in Exhibit 7 below. As shown in the exhibit, the amount of metered fares collected from flag (hail) pick-ups dropped by \$19,257 (44 percent) while the amount of metered fares from dispatch pick-ups dropped by \$16,133 (29 percent).

**Exhibit 7: Silicon Valley Checker Cab Data on Monthly Metered Amounts  
August 2013 to May 2015**



Source: Silicon Valley Checker Cab data on Monthly Meter Amounts

As with the data provided by the Department of Public Safety on the number of taxicab drivers and vehicles, there is insufficient evidence to determine the cause of the decline in this franchise's number and dollar amount of fares. Although the launch of TNC services in 2013 could be one of the causes, there could also be outside factors such as general economic conditions.

### ***June 2015 Town Hall Meeting on the Impact of TNCs***

On June 18, 2015, the Department of Public Safety held a town hall meeting to gather input from residents as well as taxi and TNC drivers to help inform this study. Input was also solicited online prior to the meeting.

Many people provided feedback both online and in person at the town hall and the input received could be generally characterized as expressing a desire to continue to allow TNCs to operate in the City alongside taxicab franchises without additional regulations. Some participants expressed frustration that the City's existing fees and regulations are too burdensome for taxicab franchises and drivers as compared to the State's regulation of TNCs. Others expressed their satisfaction with the convenience and rider experiences with TNCs. The comments that the City received from its online solicitation are included at the end of this report in Attachment 1.

### ***Fiscal Impact of TNCs on the City of Sunnyvale***

It has been suggested that TNC drivers are independent contractors and might be subject to the Business License Tax (Chapter 5.04 of the Municipal Code). However, PUC Code §53714 exempts limousine services (a form of charter party carriers) from paying business license taxes unless they are domiciled or maintain a business office in the city. It could be argued that this exemption carries over to TNC's as they are categorized similarly by the PUC as charter party carriers.

## **Comparative Review of Sunnyvale Taxicab Requirements with Neighboring Cities**

We have conducted a detailed review of Sunnyvale's taxicab franchise requirements and fees for taxicab franchises and drivers with those of the following five neighboring cities:

1. Cupertino;
2. Mountain View;
3. Palo Alto;
4. San Jose; and,
5. Santa Clara

A summary of this review is shown in Exhibits 8 and 9 below.

### ***Review of Taxicab Franchise and Driver Fees***

In order to apply consistent criteria to our review of taxicab fees, we calculated the total costs to the franchisee and/or driver applicants based on five years of costs for five drivers and five vehicles for FY 2015-16 or as published by the surveyed cities as of July 15, 2015.<sup>19</sup> This calculation is necessary as different jurisdictions have different permit lengths (ranging from one to five years) and contrary requirements for the minimum number of vehicles and drivers. Sunnyvale specifically requires that all taxicab franchises maintain at least five vehicles and five drivers.

The fees that we reviewed include: (1) franchise permit fees, which are required for prospective franchise owners to set up a taxicab business; (2) taxicab driver permit and testing fees; (3) taxicab vehicle permit/inspection fees, which allow specific vehicles to be used; and, (4) business license fees, which allow taxicab franchises as well as other businesses to operate in the relevant jurisdiction. Our findings from this review, which are summarized in Exhibit 8 below, are as follows:

- **Franchise Fees:** The five year total cost for a new taxicab franchise in Sunnyvale is \$4,567, which is very close to the median amount and modestly below the average amount charged by the five neighboring jurisdictions surveyed. Specifically, Sunnyvale's fees are about six percent above the median and 13 percent below the average amounts for the five jurisdictions surveyed. Sunnyvale's franchise fees consist of the following:
  - A Franchise Application Fee of \$1,563 for an initial two year permit.
  - A Franchise Renewal Fee of \$1,502 to renew the taxicab franchise for an additional two year period.

Total five year costs for taxicab franchises in the neighboring jurisdictions range from \$729 in Cupertino to \$12,956 in San Jose. The average five year cost for all jurisdictions is \$5,262 and the median five year cost is \$4,320.

- **Driver Permit Fees:** The five year total cost in permit fees for five drivers (assuming that all five drivers are newly permitted in the first year) in Sunnyvale is \$3,230,<sup>20</sup> which is modestly above the median and average amounts charged by the five jurisdictions surveyed. Specifically, Sunnyvale's fees are about 22 percent above the median and 37 percent above the average amount for the five jurisdictions. Sunnyvale's driver permit fees consist of the following:
  - A driver permit fee of \$178 for an initial one year permit per driver.
  - A \$117 annual fee to renew the driver permit per driver.

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<sup>19</sup> Not all jurisdictions had made their revised fees for FY 2015-16 publicly available at the time this report was prepared, but it is unlikely that any changes since July 15, 2015 would have a significant impact on our findings.

<sup>20</sup> This amount does not include the \$56 fee, which is charged to drivers who must retake the City's taxicab driver test due to failing on the first attempt.

- **Taxicab Permit/Vehicle Inspection Fees:** The five year total cost in taxicab permit fees for five vehicles in Sunnyvale is \$11,600, which is well above the median and average amounts charged by the five jurisdictions we surveyed. Sunnyvale's fees are about five times the median amount and two and a half times the average amount for the six jurisdictions. Sunnyvale's taxicab permit fees consist of the following:
  - A \$116 quarterly fee (\$464 total annually) per vehicle.

Sunnyvale is the only city of the six surveyed that charges a vehicle permit or vehicle inspection fee on a quarterly basis. All other jurisdictions charge their fees on an annual or biennial basis.

A review of the City's most recent time and motion study, which is conducted periodically by the City to determine fee amounts, showed that, for this fee, the City assumed that each vehicle required two hours of personnel time (1.00 hour from a Senior Office Assistant, 0.25 hours from a Public Safety Lieutenant, and 0.75 hours from a Public Safety Officer II) per quarter, or eight staff-hours per year. Given that vehicles are only inspected once per year and the inspection is a fairly routine exercise, the City may want to revisit the basis for this fee in its next time and motion study.

- **Business License Fees:** The five year total cost in business permit fees for a taxicab franchise in Sunnyvale is \$351, which is very close to the median, but a little less than half as much as the average amount charged by the six jurisdictions we surveyed. Sunnyvale's business permit fees for a taxicab franchise with five drivers is:
  - \$117 for a two year business license.

**Exhibit 8: Survey of Taxicab Franchise and Driver Fees  
As of July 15, 2015**

Regulation/Fee	Cupertino	Mountain View	Palo Alto	San Jose	Santa Clara	Average	Median	Sunnyvale
Franchise Application Fee (New)	\$331	\$1,440	\$1,467	\$6,612	\$3,281	\$2,626	\$1,467	\$1,563
Franchise Renewal Fee	\$199	\$1,440	\$927	\$1,586	\$1,645	\$1,159	\$1,440	\$1,502
<b>Franchise Application Fees (5 Year Cost)</b>	<b>\$729</b>	<b>\$4,320</b>	<b>\$5,022</b>	<b>\$12,956</b>	<b>\$3,281</b>	<b>\$5,262</b>	<b>\$4,320</b>	<b>\$4,567</b>
Drivers Permit Fee- Initial	\$331 (2 year permit)	\$185 (2 year permit)	\$144 (1 year permit)	\$333 (2 year permit)	\$317 (2 year permit)			\$178 (1 year permit)
Drivers Permit Fee- Renewal	\$199	\$130	\$68	\$98	\$39			\$117
<b>Taxicab Driver Fees (5 Year Cost for 5 Drivers)</b>	<b>\$3,645</b>	<b>\$1,335</b>	<b>\$1,060</b>	<b>\$2,645</b>	<b>\$3,125</b>	<b>\$2,362</b>	<b>\$2,645</b>	<b>\$3,230</b>
Vehicle Inspection Fee/Taxicab Permit Fee	N/A	\$205/vehicle (2 year permit)	\$33/vehicle/year	\$98/inspection	\$58/inspection			\$116/vehicle/quarter (\$464/vehicle annually)
<b>Taxicab Permit Fees (5 Year Cost for 5 Vehicles)</b>	<b>\$0</b>	<b>\$3,075</b>	<b>\$825</b>	<b>\$2,450</b>	<b>\$1,450</b>	<b>\$1,560</b>	<b>\$1,450</b>	<b>\$11,600</b>
Business License Fee	\$130/vehicle annual	\$12/vehicle annual	\$0	\$150 annual	\$15/vehicle annual			\$117
<b>Business License (5 vehicles/drivers for 5 years)</b>	<b>\$3,250</b>	<b>\$300</b>	<b>\$0</b>	<b>\$750</b>	<b>\$375</b>	<b>\$935</b>	<b>\$375</b>	<b>\$351</b>

Source: Harvey M. Rose Associates and Department of Public Safety survey of neighboring jurisdictions' taxicab fee schedules

Exhibit Notes:

1. The five year cost for franchise application fees assumes that the franchise is new to the jurisdiction in the first year.
2. For comparability, all calculations assume that the applicant franchise maintains five vehicles and five drivers even if the jurisdiction requires more or less vehicles or drivers.
3. The City of Santa Clara issues five year taxicab franchise permits and charges taxicab drivers an annual business license fee of \$46.
4. Driver permit fees assume that the drivers pass their exams, if applicable, on the first attempt and therefore do not include driver re-test fees.
5. All jurisdictions except for Cupertino and Mountain View conduct mandatory annual inspections of taxicab vehicles. Mountain View requires that taxicab permit holders obtain an annual mechanical safety inspection and carry a copy of the inspection report in the vehicle and be produced to the police upon request. Cupertino only requires vehicle inspections at time of permit application and renewal.

### *Review of Taxicab Regulations*

In addition to a review of fees assessed to taxicab franchises and drivers, we conducted a review and survey of neighboring jurisdictions' taxicab codes to determine if there are any areas where Sunnyvale has more burdensome rules or regulations.

Based on this review, Sunnyvale appears to have more burdensome regulations than most or all of the five other surveyed jurisdictions in the following areas:

- Frequency of Vehicle Permit Fee Assessments
- Process for Award of Franchises
- Term of Driver Permits

Additionally, based on our review of the Sunnyvale Taxicab Code, we believe that opportunities exist for updates based on technological innovations and/or adaptations to current cultural norms in the following areas of the taxicab code:

- Daily Trip Manifest
- Uniforms
- Operable Transmitters and Receivers for Contact with the Driver's Dispatch

Our findings from this review, which are summarized in Exhibit 9 below, are as follows:

- **Minimum Number of Vehicles:** Five of the six jurisdictions surveyed require taxicab franchises to provide a minimum number of vehicles, presumably to ensure that adequate transportation services are being provided. Sunnyvale's requirement that each franchise maintain a minimum of five taxicab vehicles is equal to the average and median of the surveyed jurisdictions. Mountain View and San Jose also require a minimum of five vehicles while Santa Clara requires a minimum of 10 vehicles, Cupertino requires a minimum of three vehicles, and Palo Alto has no minimum requirement.
- **Minimum Number of Drivers:** Sunnyvale is the only city of the six surveyed that specifies a minimum number of drivers. While there is an implicit requirement in Mountain View, San Jose, Cupertino, and Santa Clara that franchises maintain a certain number of drivers (as each of those cities requires a minimum number of vehicles), there is no explicit requirement for number of drivers in municipal codes of those cities.
- **Driver Testing:** In order to obtain a taxi driver permit, Sunnyvale requires applicants to pass a test showing that they have proficient knowledge of state and City traffic laws, proficient knowledge of the streets of Sunnyvale (based on a map without assistance from a GPS device), display an ability to read, understand and communicate in English, and have the ability to properly and safely operate a taxi.

These specific requirements are consistent with taxicab code requirements for driver testing in San Jose and Santa Clara, but are not required in Cupertino, Mountain View, and Palo Alto.

- **Term of Driver Permits:** Sunnyvale issues renewable driver permits for a term of one year, unlike four of the five other jurisdictions surveyed, which issue driver permits for a term of two years. Palo Alto was the only other jurisdiction surveyed that also had a driver permit term of one year. Requiring drivers and/or taxicab franchises pay driver permit fees every year rather than every two years for driver permits is more burdensome.
- **Term of Franchise Permits:** Sunnyvale issues renewable franchise permits for a term of two years, which is in line with the average and median terms provided by the other survey jurisdictions. While Cupertino and Mountain View also provide two year franchise permits, Palo Alto and San Jose provide renewable one year permits, and Santa Clara provides renewable five year taxicab franchise permits.
- **Frequency of Vehicle Inspections:** Four of the six jurisdictions surveyed require city inspections of all taxicab vehicles on an annual basis. The only surveyed jurisdictions that differ from this annual requirement to be inspected by the local jurisdiction are Mountain View and Cupertino. Cupertino does not require annual inspections and Mountain View requires that taxicab permit holders obtain an annual mechanical safety inspection from a private vendor and carry a copy of the inspection report in the vehicle for review by the police upon request. Sunnyvale requires all taxicab vehicles to be inspected by the Department of Public Safety on an annual basis no later than the first of March.
- **Frequency of Vehicle Permit Fee Assessments:** Unlike all five of the other jurisdictions surveyed, Sunnyvale assesses vehicle inspection fees on a quarterly basis (currently \$116 per quarter). While Mountain View assesses a biennial (every two years) fee for vehicle permits, the other four surveyed jurisdictions assess an annual fee for vehicle permits. Sunnyvale Department of Public Safety staff and taxi franchisees report that the vehicles may not be used whatsoever in the City until the franchisee has paid the assessment for the current quarter.
- **Vehicles Required to be Outfitted with Operable Transmitters and Receivers:** Unlike three of the five other jurisdictions surveyed, Sunnyvale requires each taxicab to be equipped with “operable transmitters and receivers to provide direct reliable contact with the driver’s dispatcher.” San Jose and Santa Clara require two-way radio dispatching services in vehicles while Mountain View and Palo Alto have no such requirement. Given technological innovations including mobile phone and smart phone technologies, the Council may want to consider expanding this requirement to include such devices.
- **Taximeter Required:** Sunnyvale’s requirement that all taxicab vehicles be equipped with a taximeter that has been inspected annually by the County Sealer of Weights and Measures is consistent with at least three of the five other jurisdictions

surveyed (Cupertino, Palo Alto, and Santa Clara). Multiple inquiries to Mountain View and San Jose regarding this requirement were not returned.

- **Daily Trip Manifest:** Sunnyvale's requirement that a daily trip manifest with details on each trip's times and pick-up/drop-off locations be maintained is consistent with requirements in Mountain View, San Jose, and Santa Clara. Cupertino and Palo Alto do not specify whether trip manifests must be kept. However, given technological advances, including electronic dispatch systems that utilize smart phone applications, the Council may want to consider revising the taxicab code to state that such records may be kept electronically by the franchise owner or a contracted third party.
- **Requirement that All Vehicles Be Owned by the Franchisee:** Consistent with three of the five other jurisdictions surveyed, Sunnyvale requires that all of the vehicles operated by the franchise be owned by the franchisee. Palo Alto's taxi code does not specify that all vehicles must be owned by the franchisee while the Mountain View taxi code infers that the owner of the taxicab vehicles may be either an individual or a taxicab company.
- **Insurance Requirements:** All six surveyed jurisdictions require taxicab franchises to carry commercial liability insurance, which are detailed in Exhibit 9 below. Sunnyvale requires \$1 million in combined liability coverage per incident for each vehicle, which is consistent with the requirements in Mountain View and Santa Clara. Cupertino and Palo Alto require lower amounts of coverage and San Jose did not respond to our inquiries regarding insurance coverage requirements.
- **Process for Award of Taxicab Franchise:** Unlike four of the five other jurisdictions surveyed, Sunnyvale requires the City Council to hold a hearing to review and approve new taxicab franchises. In Cupertino and Palo Alto, the City Manager is provided authority to approve franchise applications. In San Jose and Santa Clara, the Chief of Police is the designated authority with responsibility for issuing taxicab franchise licenses. It is unclear what process the City of Mountain View follows as it is not specified in the City's municipal code and several calls to the City were not returned.
- **Process for Transfer of a Taxicab Franchise:** Unlike all five of the other jurisdictions surveyed, Sunnyvale allows for the transfer of a taxicab franchise. The Sunnyvale Taxicab Code stipulates that franchises may only be transferred by approval of the City Council in a public hearing.
- **Uniforms:** Sunnyvale is the only city of the six surveyed that requires taxicab franchises to provide a description of a proposed uniform for drivers. Further, the use of uniforms by taxi drivers in the United States is highly unusual. The only other requirements we found that relate to a dress code for taxi drivers are San Jose and Santa Clara's requirement that shoes be worn at all times. Also, San Jose's taxi code allows taxi franchise owners to require a dress code.



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**Exhibit 9: Survey and Review of Sunnyvale Taxicab Regulations vs. Neighboring Jurisdictions**

Regulation	Sunnyvale	Cupertino	Mountain View	Palo Alto	San Jose	Santa Clara
Driver Permit Term	1 Year	2 Years	2 Years	1 Year	2 Years	2 Years
Vehicle Inspection Fee/Taxicab Permit Fee	\$116/quarter (\$464 annually)	See Business Permit Info	\$205/vehicle (2 year permit)	\$33/vehicle/year	\$98/inspection	\$58/inspection
Frequency of Vehicle Inspections	Annually on or before March 1st by City	No Inspection Requirement Specified	Annual Mechanical Safety Inspection by Certified Third Party	Annual by City	Annual by City	Annual by City
Requirement that all vehicles be owned and registered by franchisee?	Yes	Yes	Can be owner or taxicab company.	No	Yes	Yes
Minimum # of Vehicles	5	3	5	0	5	10
Minimum # of Drivers	5	Not Specified	Not Specified	Not Specified	Not Specified	Not Specified
Uniform	Yes	No Requirement	No Requirement	No Requirement	Not Required (Shoes must be worn at all times; owner may require a dress code).	Not required (Drivers shall be "clean and neat in appearance" and shall wear shoes at all times while on duty).
Process for Award of Franchise	City Council Hearing	City Manager Approval	Unknown: City has not responded to multiple inquiries.	Public Hearing (Held by City Manager or his/her designee)	Chief of Police issues license after application is filed with Police Dept. Denial may be appealed to the City Appeals Board.	Chief of Police issues license after application is received. Denial may be appealed to the City Manager
Process for Transfer of Franchise	City Council Resolution	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
Franchise Term	2 Years	2 Years	2 Years	1 Year	1 Year	5 Years
Operable transmitters & receivers for contact with a dispatcher	Required (also required 24/7)	Not required (Franchises must maintain a phone dispatch 24/7)	Not Required	Not Required	Two-way radio dispatching services are required in every vehicle	Two-way radio dispatching services are required in every vehicle
Operation of taximeter for a limited period prior to inspection by County?	Not Allowed	Not Allowed	Unknown: City has not responded to multiple inquiries.	Not Allowed	Unknown: City has not responded to multiple inquiries.	Not Allowed
Minimum Insurance Required	A.M. Best Rating of at least A:VII; Owner & all drivers insured against liability for property & bodily injury/death; Not less than \$1 million combined per incident for each vehicle.	\$100k for injury/death of 1 person; \$300k for injury/death of more than 1 person; \$50k for property per incident	Commercial general liability/auto liability of \$1 million per occurrence; Worker's Comp insurance of \$1 million per accident; Insurers w/ current Best Rating of A:VII	Best's Key Rating of not less than A VII; Minimum \$600k combined single limit per occurrence	Unknown: City has not responded to multiple inquiries.	A.M. Best rating of at least A VII; Minimum \$1 million per incident for each vehicle

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Regulation	Sunnyvale	Cupertino	Mountain View	Palo Alto	San Jose	Santa Clara
Daily Trip Manifest	Records Required: date, time, place of origin & destination of each trip.	No	Yes	No	Owner shall maintain at all times complete and accurate records of all dispatch calls received and made by owner, including the starting and destination points and times.	Owner must maintain records of driver's daily log sheets. Driver's log sheets must include times worked, time of pick-up call, pick up location, drop-off location, meter reading and amt of total fare collected.
Driver Testing (non-drug testing)	(1) Proficient knowledge of traffic laws of City & State; (2) Proficient knowledge of streets of Sunnyvale; (3) ability to read, understand, & communicate in English; and, (4) ability to properly and safely operate a taxi	(1) Evidence a proficient knowledge of traffic laws of City & State	No non-drug testing required.	No non-drug testing required.	(1) Proficient knowledge of traffic laws of City & State; (2) Proficient knowledge of streets of San Jose; (3) ability to read, understand, & communicate in English; and, (4) ability to properly and safely operate a taxi	(1) demonstrate proficient knowledge of State & City traffic laws
Driver Background Requirements	(1) At least 18 years old; (2) No felonies at all, No misdemeanors in previous 5 years; (3) No hit/run, reckless driving, dui in previous 2 years and no more than two offenses w/ previous 5 years; (3) Must have a valid California drivers license; (4) No one that has previously applied and been denied in previous 2 years; (5) Fingerprint background check.	(1) At least 18 years old; (2) No physical or moral deficiencies or unfitness to drive a vehicle in the sound discretion of the City Manager; (3) Must have a valid California drivers license; (4) Fingerprint background check.	(1) Must have a valid California drivers license; (2) No felonies and no misdemeanor conviction involving moral turpitude, larceny, theft, or sex crimes; (3) Fingerprint background check.	(1) At least 18 years old; (2) No felony or misdemeanor offense related to the operation of motor vehicles; (3) No hit and run, reckless, or dui convictions w/in 6 months or two or more w/in 5 years; (4) Valid CA driver's license.	(1) At least 18 years old; (2) No narcotics convictions in last 5 years; (3) No reckless driving or DUI's in last 5 years; (4) No convictions (and not on parole or probation) for any crime substantially related to the qualifications, functions, or duties of the taxicab business in last 5 years; (5) No parole for crime substantially related to taxicab business; (6) No acts in last 5 years of violence, dishonesty, or fraud; (7) No individual who has had a taxi driver's permit revoked 3 years prior to date of application; (8) Must have a valid California drivers license; (9) No individual with a disorder characterized by lapses of consciousness.	(1) At least 18 years old; (2) No narcotics convictions in last 5 years; (3) No reckless driving or DUI's in last 5 years; (4) No convictions (and not on parole or probation) for any crime substantially related to the qualifications, functions, or duties of the taxicab business in last 5 years; (5) No parole for crime substantially related to taxicab business; (6) No acts in last 5 years of violence, dishonesty, or fraud; (7) No individual who has had a taxi driver's permit revoked 3 years prior to date of application; (8) Must have a valid California drivers license; (9) No individual with a disorder characterized by lapses of consciousness; (10) No convictions requiring sex offender registration in last 5 years.

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Regulation	Sunnyvale	Cupertino	Mountain View	Palo Alto	San Jose	Santa Clara
Driver Drug Testing	Required (Must conform to Part 40 of Title 49 of the Code of Federal Regulations and California Government Code Section 53075.5)	Required (Must conform to Part 40 of Title 49 of the Code of Federal Regulations and California Government Code Section 53075.5)	Drivers must submit a certificate showing he/she passed a drug test within the previous 12 months prior to obtaining a driver's permit.	Required (Must conform to Part 40 of Title 49 of the Code of Federal Regulations and California Government Code Section 53075.5)	Not specified in the City's taxicab regulations, but there are multiple references to drivers not being habitual drug users or using alcoholic liquors excessively.	Required (Must conform to Part 40 of Title 49 of the Code of Federal Regulations and California Government Code Section 53075.5)

Source: Harvey M. Rose Associates and Department of Public Safety survey and review of neighboring jurisdictions' taxicab codes and interviews with the jurisdictions' staff with responsibility for regulation of taxicab franchises.

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## **TNC Regulatory Developments in Other Jurisdictions**

Cities and counties in California are limited in their ability to regulate the operations of TNCs due to the CPUC's preemptive authority. Although CPUC regulations outline general TNC operational requirements (e.g. insurance liability coverage, background checks, etc.), the CPUC's regulations prohibit access to local airports without approval from the appropriate local authority. Local governments are also adopting or considering adopting measures regulating access to other local public domains such as curb space in commercial and residential zones and other staging areas such as bus, train, and port terminals. In addition, some local governments in California are adjusting taxi franchise regulatory requirements to "level the playing field" in the transportation industry due to the rapidly expanding TNC industry and its much looser regulatory framework.

Numerous jurisdictions across the nation are taking action or considering action to regulate TNCs including state legislatures establishing statewide TNC oversight similar to California. In the absence of statewide regulations, local jurisdictions across the nation have adopted their own ordinances. States and local jurisdictions are also updating and streamlining taxi regulations as they consider the implications of the expanding TNC industry. There are local governments setting up regional agreements to make the permitting process of for-hire transportation services more efficient and cost effective, which may be of interest to the City of Sunnyvale and other local governments within the County of Santa Clara. Noteworthy developments in California and across the United States are discussed below.

### ***City of Long Beach***

In response to the growth of TNC services and their minimal operational requirements set forth by the CPUC, on May 12, 2015, the Long Beach City Council voted to update the City's taxi franchise rules and regulations in order to alleviate some of the regulatory burden on the City's sole taxi franchise. The Council's action discontinued minimum taxi fare requirements and allows the taxi franchise to offer free or discounted rides; however, maximum rates are still set by the City. In addition to pricing adjustments, the taxi franchise was permitted to increase its fleet size from a maximum of 175 to 199 vehicles and to implement a mobile application similar to TNCs that will allow the Long Beach community to instantly hail taxis from their mobile devices.

### ***City of Santa Monica***

On March 17, 2015, the Santa Monica City Council directed city staff to review its ordinances and rules and regulations as they apply to its taxi franchise program and in-city non-taxi vehicles, such as local shuttle programs. Although the City's operational regulations will not apply to TNCs due to the state's preemptive authority, staff will be considering the allotment of curb space in downtown Santa Monica for all for-hire vehicles, inclusive of TNC drivers. Since the City Council directed staff to prioritize the

allotment of curb space to vehicles subject to local control, TNC drivers may face limitations regarding their ability to park and wait for passenger pick-up requests. A staff report with updates was not available prior to the publication of this study.

### *California Airports*

The CPUC prohibits TNCs from accessing California airports without first obtaining permission from the respective airport authority. In the fall of 2014, San Francisco International Airport (SFO) became the first airport in the state to settle on an agreement for a pilot ground transportation permit program with the largest TNCs. TNCs agreed to pay a flat rate fee for each ride originating at SFO in addition to back-paying ride fees not collected from the time SFO made permits available to the time of this agreement. Going forward, TNCs are required to use an electronic geofence system that tracks whenever a TNC driver enters SFO's premises and provide a monthly update on ridership volumes originating at SFO.

Since SFO established its TNC permit program, other airports have adopted similar programs requiring a per trip fee, geofence tracking, and monthly reports including San Diego International Airport (SAN), Orange County John Wayne Airport (SNA), and Mineta San Jose Airport (SJC). Although SAN signed an agreement with Opoli<sup>21</sup> to launch on June 1, 2015, the larger TNCs did not start until July 2015 after additional negotiations with SAN administration led to the repeal of the airport's fingerprint background check requirement for most of its ground transportation providers. Similarly, although SJC recently adopted TNC regulations, TNCs currently prohibit passengers from requesting a ride in protest of the airport's requirements for mandated fingerprint background checks of all drivers. It is important to note that the San Jose City Council, which approves SJC regulations, is the only local government to date to apply an operational requirement more stringent than CPUC requirements with the passage of the airport TNC permit program.

The County of Sonoma adopted a revised Commercial Vehicle Ordinance in December of 2014 permitting TNCs to access Charles M. Schultz Sonoma County Airport; however, TNCs currently do not permit their drivers to pick up at that airport.<sup>22</sup> Exhibit 10 below provides an overview of the rates charged per trip at each airport currently operating TNC permit programs.

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<sup>21</sup>Opoli is a newer transportation company that offers application-based on-demand services similar to the TNC operational model; however, all of Opoli's drivers are commercially licensed and insured Transportation Charter Party drivers as regulated under the CPUC. More information can be found on the company's website: <https://opoli.com/faq/>

<sup>22</sup>TNC airport regulations are found under Sonoma County Municipal Code Chapter 3, Article IV: Commercial Vehicle Operations; a review of Uber, Lyft, and Sidecar applications show that passengers are prohibited from requesting rides at the airport.

**Exhibit 10: Survey of Rates Charged per Trip at  
Airports Operating TNC Permit Programs**

<b>Airport</b>	<b>Rate per Trip</b>
<b>SFO</b>	\$3.85
<b>SNA</b>	\$2.25
<b>SAN*</b>	\$0.97 or \$1.62
<b>SJC</b>	\$2.30

*\*SAN offers a lower rate for alternative fuel vehicles and clean air vehicles.*

In addition, the Los Angeles World Airports Board of Airport Commissioners recently approved a TNC permit program, similar to what is in place at SFO for Los Angeles International Airport. The program is due to be adopted as early as late August 2015.

***City of Seattle and King County, Washington***

On July 14, 2014, the Seattle City Council established a permanent ordinance regulating TNC operations and adjusting taxi operations within the City after repealing a preliminary ordinance just a few months prior. Unlike California, the State of Washington has not asserted authority over TNCs so regulations have been adopted at the local level by cities and counties. The ordinance passed by City Council addresses many of the same public safety concerns. Some highlights of the ordinance code include:

- TNC vehicles must pass a uniform vehicle safety inspection by a City approved mechanic and drivers must permit a City inspector to evaluate a vehicle upon request;
- TNCs must conduct background checks of drivers through the State/FBI fingerprint check or by a third party vendor approved by the City;
- TNCs must maintain commercial insurance coverage for whenever a driver is active on the application/dispatch system with minimum coverage of \$100,000 per person and \$300,000 per accident for bodily injury and uninsured motorists, and \$25,000 for property damage; and,
- TNC drivers must pay a \$0.20 fee per ride originating in the City of Seattle (\$0.10 is a general fee paid to the City, the latter \$0.10 goes to the City's Wheelchair Accessible Surcharge Fund).

Many of the TNC regulations adopted by the City, such as insurance coverage, vehicle inspection, and background checks, are equivalent to the City's requirements for taxicabs and other for-hire vehicles. The ordinance also raised the maximum number of taxicab licenses issued by the City while placing no cap on the number of TNC drivers.<sup>23</sup>

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<sup>23</sup> Seattle Municipal Code, Title 6, Subtitle IV, Chapter 6.310: Taxicabs and For-Hire Vehicles

In September of 2014, the Metropolitan King County Council also passed an ordinance regarding TNCs and streamlining taxi service regulations. King County administers the licensing process for all for-hire vehicles in the County's unincorporated territory, the Port of Seattle, and 16 other cities who participate in an interlocal agreement with the County. This ordinance essentially mirrored the same operational requirements outlined in Seattle's regulations which will now be applicable to all for-hire vehicles operating within those jurisdictions participating in the County's interlocal agreement, including a \$0.35 fee per trip requirement for all TNCs. Although Seattle resides within King County and is a member of the interlocal agreement, any differences in the City's ordinance code addressing for-hire transportation will supersede the County, such as its fee per trip for TNCs.

### *State of Colorado*

One June 5, 2014, the State of Colorado adopted SB 14-125, placing statewide TNC oversight under the purview of the State's Public Utilities Commission, though with only limited authority conferred on the Commission. Affective February 4, 2015, the Commission outlined the following TNCs regulations:

- Liability insurance must be provided by either the TNC or TNC driver for a minimum of \$1 million in coverage per occurrence involving a prearranged pickup, and, minimum coverage for whenever a driver is logged into the TNC application but not involved in a prearranged pickup equivalent to \$50,000 per person per occurrence, \$100,000 per occurrence for all persons involved, and \$30,000 for property damage;
- Restricting the length of time TNC drivers may be logged into a TNC application to 12 consecutive hours, not to be logged in again until eight hours after a 12 hour shift; and,
- Adoption of federal vehicle inspection laws as they apply to commercial motor carrier vehicles.

The legislation and rulemaking did not address the regulation of taxicabs and other for-hire vehicles in the state; however, SB 14-125 does permit taxicab companies to transition to a TNC model or establish an affiliate or subsidiary classified as a TNC.<sup>24</sup>

### *City of Portland, Oregon*

On April 9, 2015, the City's Private For-Hire Transportation Program Innovation Task Force issued recommendations to permit the operations of TNCs within the City. Adopted by the City, these recommendations include a 120-day pilot program during which the City would allow TNCs to apply for for-hire transportation permits, taxi regulations would be evaluated and modified, and for-hire market data would be collected and analyzed. The following requirements stand out in the City's TNC regulations:

- TNC drivers must drive for only one TNC;

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<sup>24</sup>SB 14-125 and the Colorado Public Utilities Commission's subsequent rules can be found on the Department of Regulatory Affairs website: <http://cdn.colorado.gov/cs/Satellite/DORA-PUC/CBON/DORA/1251655091163>

- TNC drivers must go through a background check conducted by a third party vendor accredited by the National Association of Professional Background Screeners;
- TNC drivers must complete an extensive training and testing program on map-reading, relevant city laws and regulations, and Portland-area attractions, in addition to taking a driver safety training program and customer service training program approved by the City;
- TNC drivers may not drive for more than 14 hours of commercial activity with a 24-hour period;
- TNCs and their drivers must maintain Commercial General Liability for a minimum of \$1 million per occurrence and \$2 million aggregate for covered claims. TNC drivers must also demonstrate primary coverage during Period 1 of \$50,000 per person and \$100,000 per occurrence for death and injury, and \$25,000 for property damage. Periods 2 and 3 must be covered by a minimum of \$1 million per incident, and \$1 million for under/uninsured motorists per incident.
- TNCs must submit anonymized data of user demand to the City including volumes of rides, trip origination and destination information by zip code, the number and type of accidents experienced by TNC drivers, among other information for the City to better understand the community's need for for-hire transportation services.<sup>25</sup>

Although Portland is currently administering its pilot program, the State of Oregon Legislature is also considering two bills (HB 2995 and 2237) which would require liability insurance to cover Period One in which a TNC driver is active on a TNC application and awaiting a call for service, similar to the requirements in Portland's pilot program.

### *State of New Mexico*

On April 22, 2015, the New Mexico Public Regulation Commission took administrative action to regulate TNCs across the state. Treating TNCs as motor carriers separate from taxis, the Public Regulation Commission established rules requiring drug tests after TNC drivers are involved in accidents as well as mandatory car inspections conducted by licensed mechanics. Due to the regulations, Lyft ceased operations in New Mexico in May of 2015 while Uber stills remains active. Uber and a taxi company are currently petitioning the Commission's TNC regulations.

### *State of Michigan*

In the State of Michigan there are seven cities in which one or more TNCs have signed individual operating agreements. Due to the variances in each City's operational requirements, TNCs have pushed for statewide legislation that would void local ordinances and apply a uniform TNC regulatory framework across the state. There are

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<sup>25</sup>City of Portland: Portland Bureau of Transportation. Interim Administrative Rule for Transportation Network Companies: <http://www.portlandoregon.gov/transportation/article/528139>



currently seven bills being considered by the State House and Senate that could drastically alter how TNCs are regulated. Depending on which bill or bills are adopted, regulation could fall under the State's Department of Transportation with a unique classification for Transportation Network Companies with their own set of rules, similar to California's regulatory structure, or could end up being classified as motor carriers under the State's limousine regulations. While the bills differ on various aspects, they aim to establish a minimum standard of public safety including insurance coverage, background checks, and vehicle inspections.

The House Bills 4637-4641, supported by Uber, would allow the TNCs to carry a lower insurance coverage when drivers are logged in, but not engaged in prearranged rides. While drivers are logged into the application and not engaged in a prearranged ride, TNCs and their drivers would be required to maintain liability insurance for at least \$50,000 per person and \$100,000 per incident for death and bodily injury and \$25,000 for property damage. In contrast, they would need to maintain insurance with a combined single limit of \$1 million for incidents occurring while engaged in a prearranged ride.<sup>26</sup> This model of permitting lower insurance coverage during the period in which a driver is logged into a TNC network, but not engaged in a prearranged ride (what we refer to as Period 1 in this report), seems to be the model pushed by TNCs while working with various regulatory agencies across the country.

While the Michigan State Legislature considers uniform TNC regulations, local governments have been left the option to adopt and enforce operational requirements on TNCs. Two cities in particular, Lansing and East Lansing, took this opportunity to streamline licensing for taxis and for-hire drivers, including TNCs, on a regional basis through a joint powers authority known as the Greater Lansing Taxi Authority. After originally forming in September 2014, the Taxi Authority has since expanded to include four other adjacent jurisdictions. On June 3, 2015, the Authority adopted draft rules and regulations applying to all for-hire taxi drivers; however, TNCs are subject to less stringent operating requirements, including lower thresholds for vehicle inspections and substance abuse testing.<sup>27</sup>

## **Policy Options for Consideration by the City Council**

Based on the findings of this report, we offer the following policy options for consideration by the City Council:

1. The City Council could consider lowering the vehicle inspection fee charged to taxicab franchises to an amount that is closer to the average or median of the surveyed neighboring jurisdictions.

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<sup>26</sup>Michigan House Bill 4637

<sup>27</sup>The City Clerk for the City of East Lansing was assigned to act as the Authority's "recording secretary" in charge of the Authority's records. Information, including the Authority's charter and draft regulations can be found on the City Clerk's website: <https://www.cityofeastlansing.com/1550/Greater-Lansing-Taxi-Authority>

2. The City Council could consider revising the schedule of vehicle inspection charges from the current charge of \$116 per quarter to an annual fee, which could be prorated. Shifting this charge from a quarterly payment to an annual fee would reduce the regulatory burden on taxicab franchises and provide an opportunity for greater administrative efficiency for the Department of Public Safety.
3. The City Council could consider extending the length of the driver's permit from one year to two years, which would be consistent with four of the five neighboring jurisdictions that we surveyed. This revision would reduce the regulatory burden on taxicab franchises and drivers.
4. The City Council could consider requesting the Director of Public Safety and the City Manager to participate in a regional effort to establish a single set of regulatory requirements in the area by advocating for the County of Santa Clara to regionalize taxicab franchise regulatory requirements. This would reduce the regulatory burden on taxicabs, and increase efficiencies across the County.
5. The City Council could consider revising the City's process for awarding and transferring taxicab franchises by extending the length of franchise awards and delegating renewal authority to the Director of Public Safety. Delegating responsibility for pre-determined renewal periods would make the City's process for awarding taxicab franchises consistent with other cities in Santa Clara County, could reduce the regulatory burden on prospective taxicab franchisees, and reduce administrative costs associated with work performed by City staff and City Council when reviewing applications for taxicab franchises that have expired.
6. The City Council could consider requesting the City Finance Director or City Manager or City Attorney to investigate whether TNCs and TNC drivers based in Sunnyvale meet the requirements to pay business license tax in the City of Sunnyvale.
7. The City Council could consider directing staff to study or consider the allotment of downtown curb space for all for-hire vehicles including TNCs and whether vehicles regulated by the City should receive priority spaces. As part of this study, the City Council could direct staff to also contact Caltrain to determine if additional enforcement is necessary for the taxi stand at the two Sunnyvale Caltrain stations.
8. The City Council could consider lowering the minimum number of taxicabs required to be maintained by each franchisee from five vehicles to lower the barrier to entry into the market for prospective taxicab franchisees.
9. The City Council could consider other revisions to the City's taxicab code to reflect current technologies and cultural norms, including:
  - a. Revising the requirement for operable transmitters and receivers for contact with the driver's dispatch to include mobile phones and/or smart phone applications.
  - b. Advising that the daily trip manifest could be kept in an electronic or online format.
  - c. Removing the requirement that a uniform be worn by the drivers of taxicabs.

## **Attachment 1:**

### **Community Input Received Regarding Council Study Issue Report – Car/Ride Share Impacts on Taxicab Franchises and Review of Taxicab Franchise Regulations**

## TNC Impact Study Community Input – Updated 07/30/15

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5/26/15

Companies such as Uber expand the market for taxi services and prevent discrimination. They provide better service, improve public safety and in general make people's lives easier.

Before Uber, taxis would often refuse to stop for women who are not carrying a purse, black men, or wouldn't serve certain areas. An Uber driver will because there is no need to screen passengers - they can trust Uber to collect payment and to ban problem customers. Uber rankings go both ways.

Because Uber rides are tracked, drivers are screened and those who have had multiple complaints filed against them get banned, riders can have greater confidence that they will get to their destinations safely, with less risk of unsafe driving, groping, sexual harassment or other unpleasant and dangerous driver behavior.

I would never have taken a taxi before Uber because it's so inconvenient. After starting to use Uber I am also using normal taxis because it has become part of my routine, but it's much more hassle.

There is nothing preventing other taxis companies from offering the same conveniences. Instead of improving their own service they try to retain customers by lawsuits and legislation. So let's be clear here, this is Comcast suing Netflix, the MPAA suing libraries, Nissan suing Tesla. Instead of adapting they're fighting the future.

Just FYI - I am not and I personally know no one who is employed or works with a ride sharing company.

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5/26/15

Just received the following from the Sunnyvale DPS about upcoming meeting to discuss impact of Car/Ride Share business on Taxicab Franchises.

My wife and I frequently use Uber services locally and in San Francisco due to the easy access to information about available cars in the neighborhood and accurate information regarding the wait time for pickup. The visibility of the selected driver's information (photo, name, phone, license plate) and vehicle location on a smartphone app is also an added security. In addition, there is no cash or credit card transaction directly between the driver and passenger - again added security and convenience.

In San Francisco, taxi services can opt in to using the Uber platform and passengers have the choice of selecting a tax or an Uber car. This would be a great addition locally should the taxicab franchises so choose.

Anyhow, you can probably tell that we are in favor of the current availability of Uber in our great city. But, we would also welcome the taxicab franchise(s) moving into the 21st Century and offering similar or better technology and convenience to member of the local community, or even better integrating with Uber's platform.

I do not have much experience with Lyft so I won't comment further.

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5/26/15

I will not be able to attend the meeting on June 18 and share my thoughts via this message:

The taxicab franchises have a unique opportunity to compete against the newcomers. After all they already have a local presence and staff. To compete though they need to improve dramatically - cabs are poorly maintained and awfully filthy.

Competition is the hallmark of Silicon Valley. The taxicab franchises need to embrace it!

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5/26/15

I am not a traditional taxi driver not a TNC type driver. I use taxi service very rarely.

## TNC Impact Study Community Input – Updated 07/30/15

However the world needs to move forward with new efficient systems and the old systems will naturally fade away with time. We have to be in reality. Always the world has moved as survival of the fittest and it is natural. Inefficient old systems will not survive.

The new TNC system is very efficient, much cheaper and environmentally good as a stock of vehicles will not be dedicated as taxis.

It is a good concept for many unemployed / underemployed persons to make some money to keep the home fires burning.

Most TNC drivers keep their cars clean, up to date and also efficient on time and also courteous as they get bad stars from customers. This affect their job with the TNC as they can be suspended.

**Our intention is not to kill a new good system but regulate. The TNC should have insurance.**

Training-???? if the DMV has given a driving certificate then they are suitable as drivers. Drivers should have a good driving record to drive for TNC. If the drivers have 3 or more violations or serious violation then the TNC driver should be suspended.

**The drivers should be security cleared.** As they take many women & children at all odd hours security is a must. No felons, sexual offenders--???? Should **fix a security camera in the car run by the TNC company** (like San Francisco city regular cabs have cameras in their cars fitted by the taxi companies)). This will give security (evidence) to both driver and the passenger.

When you impose many of the new restrictions mentioned above, may be the difference in fares will be not too much hence the taxis will have more life to remain in business. However TNC will not be able to replace the taxi system altogether. But will be an effective competitor. Healthy competition is always good for the customer to have good service and cheaper pricing.

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5/26/15

I received your email about the meeting on June 18 which I will not be able to attend. However, I wanted to add my comment.

There are many businesses that change over the years with the advent of new technologies. In fact, most businesses change. I don't understand why the question about the taxi business warrants any special treatment from a city government. If products come on the market that consumers find more attractive than previous products (think newspapers, food delivery, package/mail delivery, online vs brick and mortar shopping, books/ebooks etc. etc. etc.) why does the city get involved? What is it about taxis that makes this business any different from any other business? If the old business does not find a way to compete in the changing marketplace, shouldn't it be replaced by the new business that consumers find more attractive? If taxis are having trouble surviving, then they need to make themselves more attractive. If Uber/Lyft start to fail the public shouldn't they also improve or go out of business? Why shouldn't the consumer have many choices in the marketplace to choose from? Why does Sunnyvale offer more implied "protection" to the taxi business? I don't get it. Let the marketplace work and government's role is to regulate the businesses to make sure consumer are safe etc but not to protect one business over another.

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5/27/15

Ride share companies are thriving because they are efficient, prompt and less expensive than taxis. In San Francisco a ride from SF State to North Beach is a set fee of \$28 dollars. A taxi ride is over \$50 dollars.

Competition is good for the economy. Why should we support one service over the other.

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5/27/15

I think the genie is out of the bottle. The discussion would be how to get taxi companies to be as appealing as

## TNC Impact Study Community Input – Updated 07/30/15

Lyft and Uber.

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5/27/15

The only thing I have to say about them is that I unequivocally support them. My last few taxi rides in the South Bay have been semi-terrifying ordeals with poor driving and poorly maintained cabs.

Every Uber ride I've ever had has been pleasant or better. As a consumer, I don't see a reason the city should be involving itself in this unless it's to encourage further adoption.

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5/27/15

I do have a concern about these TNC like Uber services.

We recently used a taxicab from SFO to Sunnyvale during our spring break trip.

The taxicab driver mentioned about the insurance coverage is different between Uber and regular taxicab.

I am concerned about what coverage does Uber provide to the passengers who use their service?

Do you know?

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5/27/15

I am unable to attend the meeting related to the study on Car/Ride Share Impacts on Taxicab Franchises and would like my views known.

*"There are concerns over the increasing popularity of TNCs and that TNCs may be negatively impacting local taxicab businesses."* The only groups having concerns about TNC's negatively impacting local cab businesses are local cab business and frankly, they should be concerned. If local cab businesses did a better job of providing good transportation services, they wouldn't have to worry about competing with the likes of Uber and Lyft. The only other entity that is probably concerned is the City of Sunnyvale, because they are seeing, and will continue to see local taxes from cab companies eroding. My husband and I have been using Uber in Sunnyvale for over two months now and would NEVER again consider using a cab service as long as Uber and Lyft are available to us. I have had a severe foot injury that has prevented me from walking much and we utilize Uber to get back and forth from downtown in the evenings for dinner when we don't want to drive. The transportation services we have received in the personal vehicles owned by Uber drivers has been so far above those of a taxi service it's not even worth comparing, but I will:

1. Car and driver cleanliness: The cars driven by Uber drivers have been impeccably clean and well-maintained. No more riding in remnants of vomit that the cab company driver halfheartedly cleaned up from the night before. I have not yet encountered an Uber car and driver that were less than impeccably maintained. The smell is pleasant, there is usually bottled water or mints available to me and the temperature is tailored to my specifications.
2. Language: I do not have to struggle to communicate with my Uber driver or a dispatcher that has limited English language abilities. My App dispenses the driver effortlessly and I am able to see where they are in the route to pick me up.
3. Fees: I always know within a few dollars, what I'm going to pay for my ride. The app I use with Uber allows me to get an estimate on the fare electronically before I even order the ride. I like this. I appreciate the predictability and that I don't have to worry that the cab driver is taking liberties with the route. Also, I don't have to worry about the whole tipping process. Fares are handled cleanly, electronically and with no issues.
4. Dependability: I never have to worry that an Uber driver will show up. I can see the driver's location on my smart phone and have not yet had one fail to arrive at the specified time, which is usually within 3 – 6 minutes. Average wait time with a cab is between 30 – 45 minutes, depending on the time of day. I have had occasions when a cab did not show up for a ride to the airport.

## TNC Impact Study Community Input – Updated 07/30/15

5. Feedback: Cab companies have no interest in getting feedback about their service and until Uber and Lyft, they didn't have to care about it. That is a problem. I now give an instant rating to my Uber driver and those ratings impact whether that driver will continue to provide service for Uber. What better incentive to keep the service levels up? I have never had a cab company ask me for feedback on their service. On the contrary, when I have tried to give feedback to dispatch, I am met with disinterest and, on one occasion, a hang-up.
6. Safety: I've heard all the arguments about safety concerns that the cab companies bring up about Uber and Lyft, but it wasn't long ago that the news reported on a Taxi driver picking up a friend in Fremont to sexually assault an incapacitated women in the back of his cab. That argument is designed to prey on people's fears and is unfounded. That's not to say that there aren't predators who drive for Uber and Lyft. Having used both services, I will take my chances with the Uber service over a cab any day for safety and challenge any cab company to prove that my safety is any more at risk when using Uber than a cab service.

City of Sunnyvale, don't do something stupid and consider banning Uber and Lyft in the City of Sunnyvale. If you want the tax revenue that comes from Uber drivers operating within the city limits, then work with Uber and Lyft to make that happen. Don't raise some smoke screen and false concerns about Uber and Lyft negatively impacting cab services. They need to impact a service business that has been dreadfully subpar for far too long. It's called capitalism. The cab services will need to raise their game if they are going to remain competitive while Uber and Lyft disrupt this previous unchallenged service industry. Let the market prevail and do not do anything to impede the services of Uber and Lyft within Sunnyvale.

Support disrupters like Uber and Lyft – they will make the market better for all of us – even cab services - in the end. It's not too late for the cab companies to get it together and retain the service market they have enjoyed (undeservedly in my opinion) over the years by raising their level of service levels. They will have to fight hard to get me to use the service again, but it isn't too late.

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5/27/15

I strongly feel that the benefits of increased access to transportation due to Uber and Lyft outweigh any negative impact they have on existing taxi franchises. I hope that Sunnyvale will not burden them with onerous regulation.

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5/27/15

I am unable to attend the city hall meeting, but would like to express my interest in the Car/Ride Share impacts.

I am a STRONG believer in the Uber and Lyft model of getting a car. Not only is it much easier to get access of a cab using those services, it's much safer in my opinion, safer. When I get in a cab, the driver is shady, using bad tactics to get me to pay more and use cash (like not turning on the meter, or trying to charge me for bridges). They also drive VERY aggressively so they can get their next customer ASAP. Uber and Lyft, it's all taken care of via our phones. There's no incentive to cheat or speed around. And I can rate the driver, so there's a feedback loop if they do something bad. That does not exist in the taxi world. As a consumer, I cannot choose to reject a taxi driver based on their previous reviews. But I can on Uber or Lyft.

Uber and Lyft are MUCH better companies in that regard. The drivers are much safer on the road than taxi drivers. They aren't slamming on the gas and swerving around to get to the destination as quick as possible.

Whenever I can, I ALWAYS try to use Uber or Lyft to get around. I would always choose them over a taxi just because of my experience. Taxi's can take forever to arrive (if they ever do), and it's a very unpleasant experience to use them.

So please, keep Uber and Lyft type services around. They are 100 times better than what the taxi companies provide.

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5/27/15

## TNC Impact Study Community Input – Updated 07/30/15

We won't be able to make it to the meeting on this topic. I would just like to say that I am generally in favor of more competition. There is nothing inherently wrong with new competitors offering better service at lower prices. The city should instead focus on making sure that the competition is fair. One topic I'd like to see addressed is insurance. My understanding is that there is some ambiguity about what type of policy is necessary for ride share drivers. It would be good to make sure that the other drivers are being adequately protected.

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5/27/15

Thanks for this announcement. Many job categories and careers have gone the way of the dinosaur. What I think is most important is that we help cab drivers to identify kinds of jobs that they could do well and make a living wage, within their needs (say, for schedule flexibility).

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5/27/15

I will be out of state when the meeting occurs but would approve taxi cabs and companies like Uber being required to operate under the same guidelines to approach being fair. Personally, after hearing Uber's ads suggesting anyone can be an Uber driver, I would not use them. If other input is required please let me know.

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5/27/15

I saw the Car/Ride Share topic on Nextdoor. I can't make the meeting so I wanted to share my thoughts by email.

I think the ride share companies are a WONDERFUL thing. I am all for competition. The taxicabs need competition to improve their pricing and service. Yes, TNC will impact the taxi companies in a good way.

And don't regulate the Ride Share companies. Let the free market work. Sunnyvale should keep its greedy fingers out of it.

Don't be pressured by the taxi companies to make regulations.

Sunnyvale should also keep it's greedy fingers out of the Airbnb business too.

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5/28/15

I just wanted to say that I love using Uber and I support the business model. It is extremely convenient.

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5/31/15

I will be unable to attend the meeting, but want to voice my support for Uber and Lyft, as their services will help push the technology forward, increasing availability of on-demand transportation, as well as reducing the costs.

I understand that taxicab companies don't like this, but it's the future and it would be completely inappropriate for city or state government to block the future from its populace due to political or other reasons.

If you think of where this will go in the future, Uber and Lyft will eventually go out of business as self-drive cars will replace them in another 10 years.

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6/1/15

I received the email below from Sunnyvale DPS last week. Unfortunately I might not be able to attend the meeting in person but wanted to share my thoughts with you anyway. It sounds like the premise of this study is that 'negatively impacting local taxicab businesses' is a bad thing, but actually, all my friends here in Sunnyvale, and I, think that the new Uber/Lyft type services are an absolute breath of fresh air in transportation. That is actually a literal thing. Honestly, all the franchised taxi cabs that I've ridden in around the Bay Area have been old, smelly and uncomfortable vehicles, whereas the Uber/Lyft (and also Wingz - an Uber-type company that does rides to

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## TNC Impact Study Community Input – Updated 07/30/15

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and from the airport) vehicles have invariably been new and immaculately clean.

Here are a few reasons why we like TNC services compared to 'old-fashioned' taxi cabs:

**1)The booking.** With a TNC, you have great feedback and confirmation in terms of booking your vehicle and knowing when it's going to arrive. Imagine you are a lone person trying to get back from a bar late at night. You book an Uber on your app and right away you can see your ride traveling across the map to come and get you and you know how far away it is - usually just 10 minutes or so. Compared to booking a taxi cab: you phone up, there might be a language barrier so you're not sure that the person has understood you 100% correctly, you have no idea where the cab is that is meant to be coming to get you or when it will arrive, they always take ages to get there, like 30 minutes. This whole booking/waiting process is as important as the actual ride itself.

**2)The ride.** As I mentioned, based on personal experience, the quality and cleanliness (and almost certainly safety) of the TNC vehicles is way better than the taxi cabs. There are some horrible cabs out there and you don't have much choice in what you get. (With Uber, you don't have much choice either, but at least all the choices are good).

**3)The payment.** Going back to the lone person trying to get home - they probably spent all their cash in the bar. With TNCs, no cash changes hands, so it's not a problem. Vs with a taxi cab you are on the meter, you have no control over it, it's just another worry.

Finally, I don't see that franchised taxi cabs need to make a huge deal out of this. The barriers of entry to working for a company like Uber are not high. It's like being a blacksmith 100 years ago. In a short space of time you had to either go from making horse shoes to car parts, or pick a different trade. I think it's the same deal here. I suppose there's something to be said in terms of economic impact too - it could be a negative thing, to lose locally-based businesses that pay taxes to City of Sunnyvale, to big businesses based in the city. But on the other hand, having more people spending/earning money on TNC cars will generate more money for the local economy, and it's not a zero sum game, the higher quality of service that TNCs give will increase the total number of riders.

Thanks for reading this far!

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6/2/15

I got the notification about the car/ride share meeting but I will not be able to attend. I just wanted to email you and provide my input.

Uber and Lyft provide a better service than a typical Taxicab. I would much rather Uber than call a taxi. It's quicker and easier, the cars are much cleaner, you can give drivers reviews, the price is clear, payment is much easier, and they don't yell at you for tips.

Especially now that those companies have been providing insurance options for their drivers (which seemed to be the main issue with them), I must ask...

***Is there any clear reason why we should spend tax dollars to protect a business that doesn't provide as good a service?***

If there is please let me know.

In regards to transportation I would much rather our money, time, and effort go towards better public transportation and bike lanes.

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6/3/15

I am writing because I am unavailable to attend the meeting on the 18th and I want to express my support of

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## TNC Impact Study Community Input – Updated 07/30/15

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Transportation Network Companies (TNC), e.g. Lyft, Wingz, Uber. I am a long time Sunnyvale resident and homeowner.

I use Uber and Wingz. I have used them here in CA, TX, NY, and New Orleans. In my experience, the archaic, slow, corrupt, business model that is used by taxicab franchises is creating their own demise. In the absence of providing continuous improvement, their "service" or product should be bypassed. That is how our economy works, in particular in Silicon Valley. How can this new transportation service be a surprise? The TNCs provide reliable & timely pick-ups, clear pricing, cashless transactions and two-way feedback mechanisms. As a woman, I have always felt safe in any of the TNC vehicles. I have often felt unsafe in a taxicab. I also have no visibility to the route I am being taken when using a taxi, let alone the fare. Furthermore, I am without recourse for a complaint, and the utterly outdated and insecure credit card mechanisms the taxicabs use has been the source for identity theft and mistaken charges that took weeks to resolve. This compounded with the pressure a rider gets to pay in cash makes the taxicab "model" untenable. The TNC vehicles are spectacularly smoke-free and clean inside, as opposed to the taxicabs that I have ridden in.

Monopoly is not how we do business. Taxicab franchises are not a pure monopoly, yet it is their business model that is leading to their alleged loss of business. Choice. Consumer choice. Are we stopping solar and wind power sources because it may cause PG&E to lose some business? I didn't think so.

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06/15/15

Our main concern has to do with making sure these drivers are fully licensed and insured, with sufficient general liability coverage...to match what the traditional cab companies and commercial carriers are required to have.

There have been a few cases of injuries caused by Lyft & Uber drivers, and the public needs to be reassured it has recourse in the event of accidents due to negligence resulting from such drivers. Not unlike commercial truck drivers. Does Uber provide this? Does Lyft? Does it fall on individual drivers to carry this? City of Sunnyvale should have a policy in place similar to DMV.

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06/15/15

I am thrilled to have Uber in our community. It is a great service and they are much more prompt than the typical taxi and often less expensive. Uber is a great example of how technology and the use of applications has positively impacted our life.

I also believe that Uber has helped decrease the amount of individuals that are driving under the influence of alcohol. I've heard from several people that they use it over now when they go out at night, even when they are just having a tiny bit to drink. It's just so easy to use, cost effective, and timely - which can't be said of cabs.

While Uber may be taking over the business of taxis, that's what happens when the competition offers something better. Please don't make it harder for Uber to operate. We love them!

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06/15/15

Unfortunately I cannot join the meeting on June 18 but please don't limit Uber, Lyft or any other ride sharing in Sunnyvale.

(1) most of the ride sharing drivers I've used from in Sunnyvale are locals from our community. So by limiting them you affect our community

(2) taxi services in Sunnyvale are much more expensive. A ride from Caltrain to my house (less than 3 miles) cost me over \$30 (incl tip)

(3) taxi cabs in Sunnyvale are typically older vehicles that are not as clean inside vs the cars used by ride share services.

(4) Sunnyvale wants to be the center of Silicon Valley. So don't kill innovation.

(5) with ride share services I have a better idea who my driver is vs taxis. And I get a social score (reputation) on the driver from previous clients. I don't have any idea who my taxi driver is nor what his/her reputation is.

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## TNC Impact Study Community Input – Updated 07/30/15

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06/15/15

I'd like to express my opinion regarding companies like Uber and Lyft competing with established companies. I don't believe it's the point of the government (local, state or federal) to be protecting existing companies from competition.

If existing companies are having trouble competing due to onerous restrictions imposed by government regulators, whether those regulations ought to exist should be discussed. It's not fair to the existing companies to have to comply to regulations if challengers don't. I suspect many of the regulations could be removed but that's a different topic.

It's more likely existing companies are interested in using government regulations in their favor to restrict competition. Hopefully the Sunnyvale City Council will understand the benefits of competition and how much Sunnyvale itself has gained from disruptive technology. It would be very disappointing to see Sunnyvale attempt to restrict innovative applications and services like Uber and Lyft. They won't go away, they'll just go underground.

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06/15/15

I support other modes of transportation. Taxi drivers charge way too much. I use Uber and enjoy it.

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06/15/15

I am a Sunnyvale resident who has used both traditional as well as peer-to-peer ride services. I understand that traditional taxi companies are struggling due to competition, but for GOOD reason! I object to local government preventing non-traditional business models that are more efficient and less expensive from doing business in this area. When local government interferes with business competition it creates favoritism and can stifle change that often benefits the consumer.

- taxi services are about 20-40% more expensive, depending on traffic
  - I am not privy to how these alternative services work, but they are reliable day or night, rain or shine, holiday
  - using a traditional taxi is not as fast when arranging a ride at the last minute
  - it is amazingly convenient, not to have to cough up cash!
  - You have a can easily split fares with others
- 

6/15/15

Unfortunately I am unable to attend the meeting on Thursday, June 18th but I would like to comment on the topic of Car/Ride Share Impacts on Taxicab Franchises. Before I state my opinion on this topic I do not own a smart phone. I have used the services of Uber but not often.

I am in total favor of Car/Ride Share businesses. These businesses came about because the Taxi Cab industry is poorly run and totally inefficient, the vehicles are dirty, smelly and a lot of the times you don't know what language is being spoken by the drivers of Taxi Cabs. Taxi Cabs are not timely and the wait is very often long, unless you pick one up at an airport, and they difficult to flag down. Businesses like Uber, Lyft and Sidecar came about because the Taxi Cab industry would not give the public what they were looking for; accessible, clean, professional and reliable service.

Instead of Taxi Cab companies looking for protections from City Governments they should be investing in the same technology the TNC's developed. This is not technology with a big mote around it preventing the Taxi Cab companies from competing with TNC's. Government should stay out of this and let the free market do it's job. Taxi Cab companies should either lead, follow or get out of the way.

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## TNC Impact Study Community Input – Updated 07/30/15

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06/16/15

I have never used one of these services and plan not to in future. The reason is the lack of regulation of such items as insurance coverage, driver screening, in-car cameras, and fare regulation.

I am currently visiting Ottawa, and took a \$45 cab ride to get to my destination. The driver discussed with me how the local Uber drivers jack up their fares during prime time, which regulated taxis are not allowed to do. He also showed me his in-car camera, and mentioned that his recordings have been used in a couple of cases to settle customer complaints.

I have noted that young people think Uber is great, and are happy to use it all the time. However, I don't think they are as concerned about the above issues as some of us older citizens.

Thanks for considering my input. My wife is of like mind.

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6/16/15

I cannot attend the community meeting on 6/18 but would like to give my input on the impact of TNCs in Sunnyvale.

I'm a Sunnyvale resident and am in favor of TNCs in Sunnyvale. Their service is better than taxi cabs.

They offer cheaper fares for consumers, don't require payment exchange in the car, and have friendlier drivers.

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6/22/15

See attached.

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7/11/2015

As a resident, I value their convenience. Uber drivers are much better than taxi's -- I feel WAY more safe taking Uber and have even allowed my daughter to take rides by herself which I would never do with a taxi.

- I enjoy not having to sit in a smoke filled car when taking Uber. The taxi cabs typically smell of smoke.
- Uber drivers are more professional and courteous and seem like they really enjoy doing what they are doing.
- In my experience, Uber drivers drive much safer than taxi drivers.
- Uber provides a way for residents to make money if extra income is needed. The taxi drivers that I have driven with would be out of business if driving with Uber because of poor reviews -- which is what we want as a town -- safer drivers!
- For those who are from out-of-town, Uber drivers make the stay better by providing tips and places to go/see (read increased revenue for the city)

Please do not ruin this industry by taxing it and/or regulating it further. It works!

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7/12/2015

I am a 7-year Sunnyvale resident, 48 years old. I am unable to drive because of vision issues. I am sorry I missed the June 18th meeting because I wanted to give some feedback.

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## TNC Impact Study Community Input – Updated 07/30/15

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Much of the time, due to where I live in Sunnyvale, I can walk or take the 22, 26, 55 or 522 bus. I do have a Disable Transit Card which is great. However, as you know, once you get out of the core downtown it becomes harder to get around without a car.

Twice I have used an app called "Curb" (formerly TaxiMagic) to arrange a registered taxi ride and have been abandoned by the taxi driver, who, for whatever reason, took the dispatch and then changed their mind and DIDN'T LET ME KNOW. The dispatcher said that, "Oh, it is at their discretion" and when I asked them to send another cab, said "We don't have any in Sunnyvale right now". I then used Uber and got a ride in 5 minutes.

I have used Uber to go to and from work (also in Sunnyvale), to Kaiser for doctor's appointments, to get to CalTrain station and grocery shopping and other errands. May cab driver do not like there "short hop" fares, and will not take the fare, hoping for a bigger one, like to the airport.

If Uber were to be forbidden in Sunnyvale, my quality of life would be hugely impacted; also, what if someone were to take Uber from Santa Clara to Mountain View...would they not be allowed to drive through Sunnyvale? If the taxis were plentiful and reliable, I could understand re-considering Uber or Lyft, but they are not (seven years of experience here).

Thank you, and please let me know if there will be other opportunities for citizens to weigh in on this report.

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07/20/15

The City Council should stand up for the public interest by refusing to pass laws that protect taxi companies at the expense of Uber and Lyft.

Uber and Lyft provide a fantastic service at a very reasonable price.

The taxi companies offer bad service at a high price.

That's how the opportunity for Uber and Lyft came about in the first place.

If the taxis can't compete, the Sunnyvale City Council should let them fail.

Either way, the public interest is best served by the City government getting out of the way.

Please don't hamper Uber and Lyft's ability to continue providing their superb service.

Let the taxi guys compete if they can.

If they can't, tough luck. It's really none of the City government's business.

I am in no way affiliated with Uber, Lyft, or any other such company.

I'm just a Sunnyvale resident, and a very satisfied customer.

If it's not too late, I'd appreciate it if you could pass along my email to the City Council.

Thank you for your time.

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7/24/15

As you are aware, the transportation industry has drastically changed over the past few years. In Sunnyvale, as well as many other parts of the country, ride sharing companies are expanding and pushing Taxi companies out of profit and in some cases out of business. This email is intended to simple ask: Where does the city stand as far as helping Taxi companies survive in today's market? We

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## **TNC Impact Study Community Input – Updated 07/30/15**

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believe that through a joint effort, we can establish remodeled provisions that allow the playing field between ride sharing companies and taxi companies to be even. Below are a few of the key changes we would like to see made:

- Decrease the annual cab inspection fee. (Sunnyvale has one the highest inspection fees in Northern California)
- Increase the driver permit length to a minimum of 2 year (Sunnyvale currently requires yearly renewal one of only a few places in Northern California that does so)
- Permits should be granted to drivers without any formal written test.
- Decrease the required insurance amount to \$300,000 ( Similar cities, like San Jose, the required insurance amount to \$300,000 and have no issues)
- Allow B rated carriers. (This will allow for us to have more carriers to choose from. Currently we are very limited in carrier options which are problematic in terms of rate negotiation.)
- We recommend the city of Sunnyvale, Santa Clara, and San Jose run a joint program which will handle the processing of all permits and licenses.
- Place limit on ride sharing companies, requiring business licenses from the City of Sunnyvale.
- Require ride sharing companies to obtain permits, just as cab drivers are required to do.
- Work with taxi companies to update out current business model. It is outdated and fails to utilize technological advances as ride sharing companies do.

The provisions listed above are imperative to the survival of the taxi industry in Sunnyvale. This is not the first time we have expressed the need for change. At this point, our concerns must be heard and the city of Sunnyvale must be proactive in order to ensure taxi companies remain in the city. If the City is not willing to make any changes we will be forced to take a voluntary suspension and stop all operations within the city.

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