

# **Car/Ride Share Impacts on Taxicab Franchise Regulations**

## **City of Sunnyvale Council Study**

### **Presentation to the City Council**

**October 13, 2015**

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# STUDY OBJECTIVES

- Profile Comparison of Sunnyvale Taxicab Franchises with Transportation Network Companies (TNCs)
  - Differences
  - Benefits and Challenges
  - Risks
  
- Assess Impact of Rideshare Businesses on Sunnyvale Taxicab Franchises

- Review and Compare City's Current Taxicab Franchise Requirements with Neighboring Cities
- Review and Compare Regulatory Developments that Have Taken Place in Other Jurisdictions
- Research Potential Policy Options

# **PROFILE OF SUNNYVALE TAXI INDUSTRY & TNC INDUSTRY**

- Number of Companies and Drivers:
  - 6 Licensed Taxi Franchises Operating in Sunnyvale
  - 71 taxicab drivers and 71 vehicles registered in Sunnyvale
  - 6 TNCs Operating in the Bay Area
  - Unknown amount of TNC drivers in Sunnyvale
    - Approximately 20,000 Uber drivers in the Bay Area (April 2015)

- TNCs Have Gained Popularity with Smartphone Apps while Taxicab Franchises have Mostly Relied on Dispatch
- Taxicabs Regulated by the City (Taxicabs in California are regulated by Local Jurisdictions per State Code); TNCs Regulated by the State Public Utilities Commission (PUC)
- Taxicabs Subject to Permitting and Fee Requirements in Every City Where They Operate; TNCs are Subject to Less Stringent State Permitting and Fees

# Profile of Sunnyvale Taxi Industry & TNC Industry



Element	Taxi Industry	TNC Industry
Background Checks	Fingerprints; Entire Adult History	Driver provided Name & SS#; Up to 7 years History
Driver Training/ Testing	New drivers must pass a test showing proficient knowledge of traffic laws, City streets, English, and ability to operate a taxi.	CPUC only requires provision of a driver safety training plan.



# Profile of Sunnyvale Taxi Industry & TNC Industry



Element	Taxi Industry	TNC Industry
Insurance	\$1 Million of Primary Commercial Liability Per Occurrence at All Times	Broken into 3 “periods”; Initial Period min. requirement is \$200k in Excess Coverage; Periods 2 & 3 requirement is \$1 Million
Permitting and Fees	Subject to permitting and fees in multiple jurisdictions.	PUC permitting and fees only, unless operating at an airport.

# Profile of Sunnyvale Taxi Industry & TNC Industry

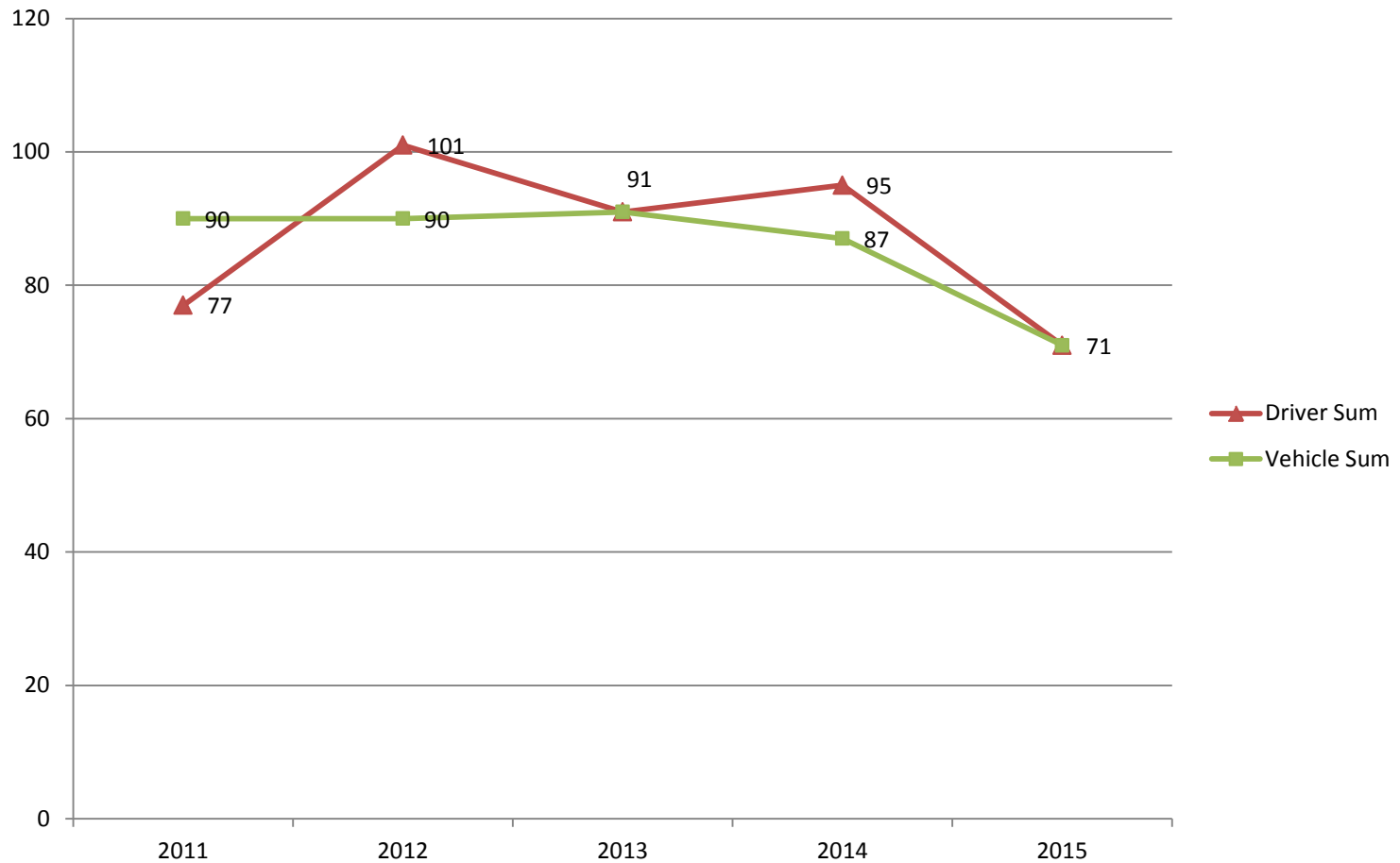


Element	Taxi Industry	TNC Industry
Vehicle Inspections	City requires 32-point inspection, conducted by City staff annually.	CPUC requires 19-point initial inspection. No specification on who performs the inspections.
Pricing	Pricing must be filed with City and tracked by taximeters.	Not metered or regulated by the CPUC.

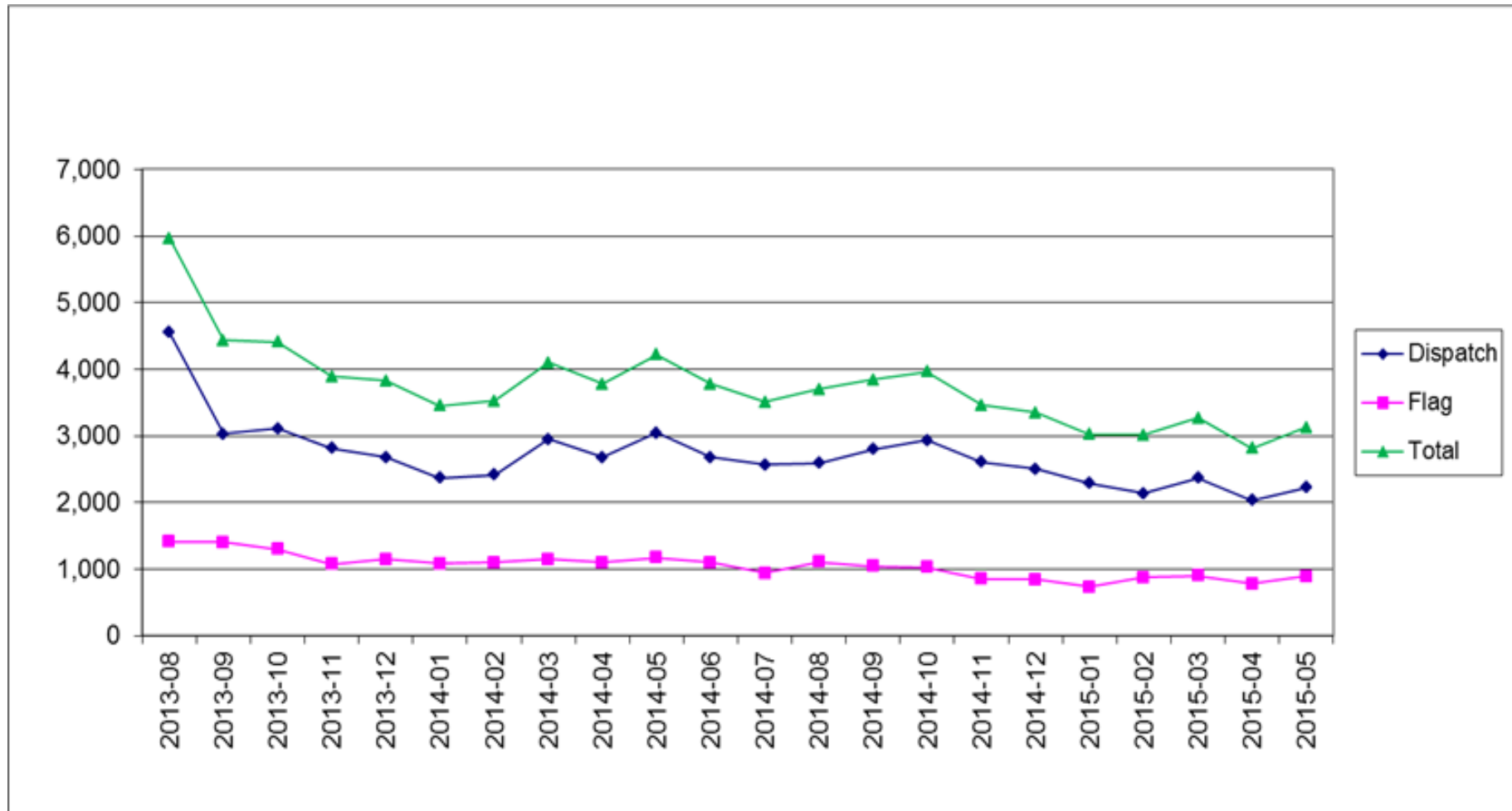
# **IMPACT OF TNC BUSINESSES ON SUNNYVALE TAXICAB FRANCHISES**

- TNCs Launched in Silicon Valley in 2013
  - UberX in July 2013;
  - Lyft in October 2013
- Sunnyvale Taxicab Franchisees Report Anecdotal Impacts on Driver Recruitment
- Data from One Franchisee (Yellow Checker) Indicates Declines in the Number of Fares and Meter Totals
- City Data from the Licenses and Permits Unit Shows Volatility and Recent Decline in Taxi Drivers and Vehicles

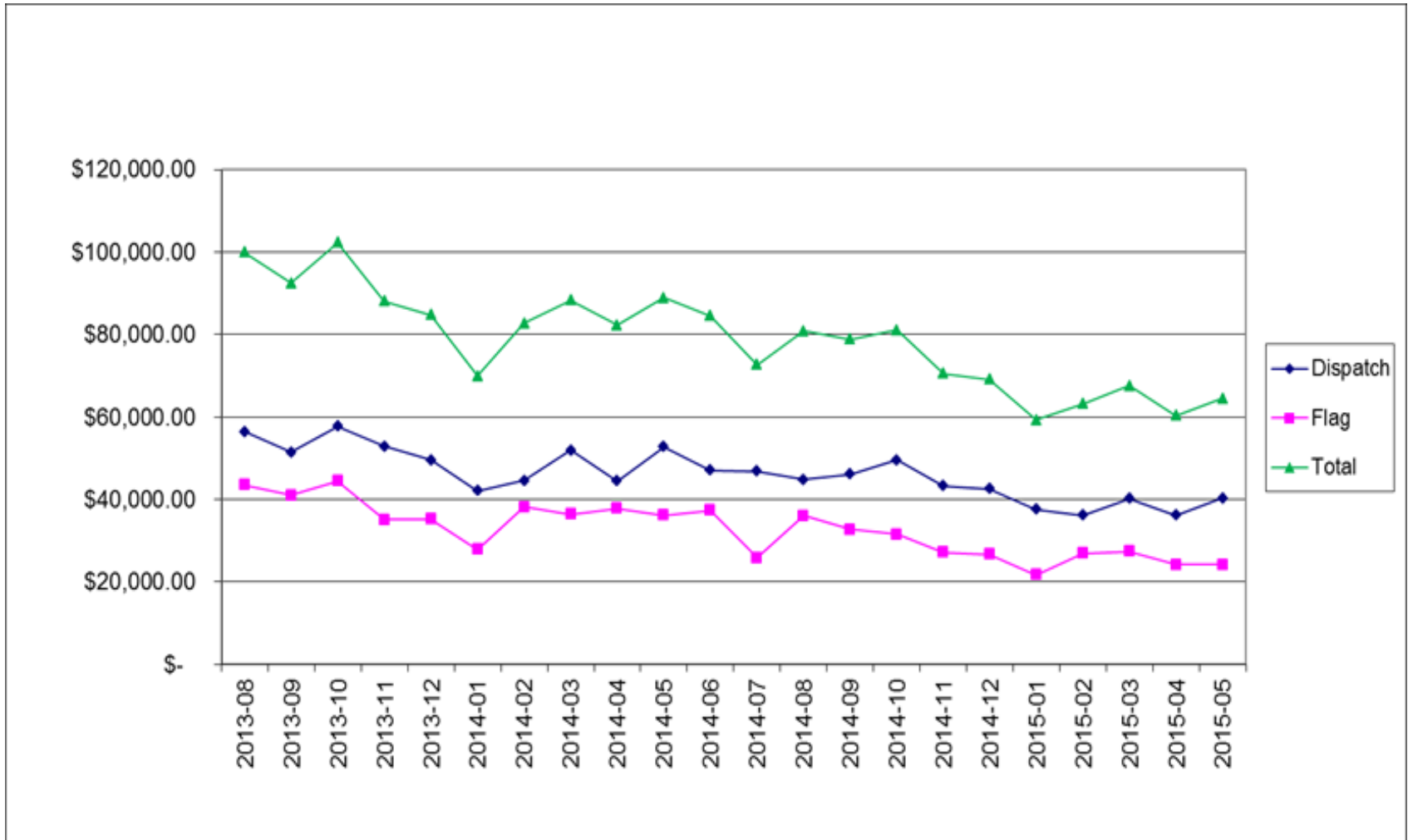
## Exhibit 5: Citywide Number of Permitted Taxicab Drivers and Vehicles 2011 to 2015



## Exhibit 6: Silicon Valley Checker Cab Data on Number of Monthly Fares (August 2013 to May 2015)



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



# **REGULATORY COMPARISON WITH NEIGHBORS & BROADER SURVEY**



## Fee Comparison: 5 Year cost, 5 Vehicles & 5 Drivers

Cities surveyed: San Jose, Santa Clara, Cupertino, Mountain View, and Palo Alto

Regulation/Fee	Average	Median	Sunnyvale
<b>Franchise Application</b>	\$ 5,262	\$ 4,320	\$ 4,567
<b>Taxicab Driver</b>	2,362	2,645	3,230
<b>Taxicab Permit/Vehicle Inspection</b>	1,560	1,450	11,600
<b>Business License</b>	935	375	351

- City and County of San Francisco has Encouraged Taxis to Utilize some TNC Tools and Practices and Encouraged the CPUC to Strengthen TNC Rules
- City of Long Beach has Relaxed Some Taxi Regulations in Response to TNCs
- City of Santa Monica is Studying its Taxicab Rules and Regulations
- Airports in California have Begun Regulating TNC Activity through Permit Programs

# POLICY OPTIONS

1. Lower the vehicle inspection fee charged to taxicab franchises.
2. Revise schedule of vehicle inspection fees from quarterly fees to annual fees.
3. Extend the length of driver's permit from one year to two years.
4. Participate in a regional effort to establish a single set of regulatory requirements in the area by advocating for the County to regionalize taxicab regulatory requirements.
5. Delegate renewal authority for awarding and transferring taxicab franchises and extend the length of franchise awards.

## Policy Options

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6. Investigate whether TNCs and TNC drivers meet requirements to pay the Sunnyvale business license tax.
7. Study or consider allotment of downtown curb space for all for-hire vehicles and whether vehicles regulated by the City should receive priority spaces.
8. Lower the minimum number of vehicles required for each taxicab franchise.
9. Other revisions to the taxicab code to reflect current technologies and cultural norms.

# Questions and Comments

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