



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 15-1104, Version: 1

REPORT TO COUNCIL

SUBJECT

Introduce an Ordinance Amending Chapter 5.36 (Taxicabs) of the Sunnyvale Municipal Code; Adopt a Resolution Amending Related Taxicab Franchise Fees, Rates and Charges; and Find CEQA Exemption per Guideline 15061(b)(3)

BACKGROUND

Sunnyvale Municipal Code (SMC) Section 5.36 (Taxicabs) regulates taxicab franchises in the interest of achieving a reasonable assurance of driver and passenger safety and risk reduction. On February 19, 2015, Council directed staff to conduct a study of car and ride share impacts on taxicab franchises and review of taxicab franchise regulations in the City of Sunnyvale (Study Issue Paper DPS 15 -0102, Attachment 1). Due to increased presence and popularity of car/ride share businesses, known as Transportation Network Companies (TNCs), and concerns raised by local taxicab franchises, a need arose to review City regulation of taxicabs.

The firm Harvey M. Rose Associates, LLC (Consultant) was selected to conduct the study. As prioritized and ranked by Council, the primary objectives of the study were to: 1) compare the profiles of the Sunnyvale taxicab franchises with those of car/rideshare businesses, including the differences, benefits, challenges and risks; 2) assess the impact of car/rideshare businesses on Sunnyvale taxicab franchise businesses; 3) review and compare the City's current taxicab franchise requirements with those of neighboring cities; and 4) review and compare regulatory developments related to taxicabs that have taken place in other jurisdictions.

At the October 13, 2015 Council meeting, the Consultant and staff presented the findings of the study and made recommendations for policy and fee changes (RTC 15-0373). The City Council approved staff recommendations and directed staff to prepare and introduce an Ordinance amending the Sunnyvale Municipal Code Chapter 5.36 (Taxicabs) and a Resolution amending related fees, rates and charges.

EXISTING POLICY

General Plan

Chapter 6: Safety and Noise (SN):

Goal SN-3 Safe and Secure City

Ensure a safe and secure environment for people and property in the community by providing effective Public Safety response and prevention and education services.

Chapter 3: Land Use and Transportation (LT):

Goal LT-5 Effective, Safe Pleasant and Convenient Transportation

Attain a transportation system that is effective, safe, pleasant and convenient

Policy LT-5.5

Support a variety of transportation modes

ENVIRONMENTAL REVIEW

Amending the City's taxicab franchise rules does not require environmental review because it can be seen with certainty that there is no possibility that it will have a significant effect on the environment. CEQA Guidelines Section 15061(b)(3).

DISCUSSION

The attached proposed revisions to Chapter 5.36 and the Taxicab Franchise Fee Schedule would implement the policy recommendations of the study, while maintaining a reasonable and stable regulatory environment. A reasonable and stable regulatory environment will continue to further the safety and security for community members who use this mode of transportation. Key changes include:

- Eliminating the requirement for a minimum of five permitted drivers, consistent with the policy of many surrounding cities. The number of minimum vehicles required for any franchise within the city will continue to be five, which supports the requirement that a franchise be fully operational twenty four hours a day and is consistent with the requirements of surrounding cities.
- Removing the requirement for driver uniforms.
- Authority for the director of public safety to approve up to two (2), two-year extensions to a taxi franchise, providing that the franchise remains in good standing, for a total term not to exceed six (6) years.
- Modernization of communication requirements that will allow drivers to use a mobile phone or electronic application to maintain contact with the driver's dispatcher.
- Modernization of recordkeeping requirements that will allow the daily trip manifest to be maintained in an electronic format.
- Extending the term of a driver permit from one to two years.
- Other administrative clarifications.

Fee Schedule

The following are proposed changes to the fee schedule. The fees are calculated on a full cost recovery basis and reflect the operational changes outlined above.

	Proposed Fee	Current Fee*
A. <u>Franchise Fees</u>		
Application/Franchise Fee	\$2,578.00	\$4,689.00
Additional Owner(s) (Each)	\$139.00	\$109.00
Franchise Renewal	\$ 2,513.00	\$ 4,506.00
Non-Compliance Penalty	\$250.00	\$250.00

B. <u>2-Year Driver's Permit Fees</u>		
Application	\$295.00	\$356.00
Renewal fee	\$230.00	\$234.00
Re-test Fee	\$87.00	\$56.00
Change of Company	\$87.00	\$56.00
Non-Compliance Penalty	\$250.00	\$250.00
C. <u>Vehicle Fee</u>		
Per Vehicle Annual Fee	\$266.00	\$464.00
Non-Compliance Penalty (per vehicle)	\$250.00	\$250.00

- *"Current Fee" takes into account the extended term of both franchise agreements (2-year initial term and two 2-year options to renew) and driver permits.*

Franchise owners will benefit from immediate costs savings of at least \$990 per year for vehicle licenses (minimum 5 vehicles x \$198 reduction in the annual vehicle fee) and \$2,111.00 in franchise renewal fees. The savings will be greater if the franchise registers more than five vehicles. Drivers will benefit from the time saved by issuance of a two-year permit as opposed to the current annual permit renewal requirement. Additionally, there is a nominal cost savings for permit renewals.

The proposed fee schedule also reflects some minor increases to the re-test and change of company fees that drivers will pay. This is a result of increased cost factors over the two-year period since fees were last adjusted, as well as time and motion calculations of the activities involved in providing the services indicated.

In conclusion, staff is mindful that the transportation industry continues to evolve. The changes proposed in this report reflect careful consideration of the long standing practices and policies that govern the awarding and administration of taxicab franchises in the City. Staff will continue to monitor regulatory changes to this industry locally and throughout the state, with the understanding that there may be opportunities in the future to initiate further positive changes to SMC Chapter 5.36 that will benefit both the community and franchise holders.

FISCAL IMPACT

There are currently six approved taxicab franchises in the City of Sunnyvale, five of them fully operational and one on voluntary suspension. Revenue from Taxicab Franchise fees in the past two fiscal years was \$32,622 in FY2013/14 and \$9,550 in FY2014/15 (taxicab franchise licenses fees are assessed every two years). Revenue from Vehicle and Driver permit fees was \$73,417 in FY2013/14 and \$48,534 in FY2014/15.

Revisions to SMC Chapter 5.36 (Taxicabs) have prompted analysis and revision of the City Fee Schedule as it pertains to Taxicab Franchise licenses, vehicle inspections, and driver permits. Some of the proposed policy revisions will result in reduced revenue; however, as the revenue reductions from taxicab related permits and franchise fees are small, the impact can be absorbed in the General Fund.

Funding Source:

Revenues and expenses related to taxi cab activities are accounted for in the General Fund.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Introduce an Ordinance Amending Chapter 5.36 (Taxicabs) of the Sunnyvale Municipal Code; and Adopt a Resolution Amending Related Fees, Rates and Charges; and Find CEQA Exemption per Guideline 15061(b)(3).
2. Do not introduce an Ordinance Amending Chapter 5.36 (Taxicabs) of the Sunnyvale Municipal Code, or a Resolution Amending Related Fees, Rates and Charges; and
3. Other action(s) as determined by City Council.

STAFF RECOMMENDATION

Alternative 1: Introduce an Ordinance Amending Chapter 5.36 (Taxicabs) of the Sunnyvale Municipal Code; and Adopt a Resolution Amending Related Fees, Rates and Charges; and Find CEQA Exemption per Guideline 15061(b)(3).

The recommended changes to Chapter 5.36 (Taxicabs) provide some relief from regulatory requirements on the taxicab industry, while preserving the standards of safety and accountability for taxicab franchises in the City.

Prepared by: Elaine Ketell, Management Analyst

Reviewed by: Frank J. Grgurina, Director, Department of Public Safety

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. DPS Study Issue 15-0102
2. Ordinance Amending Chapter 5.36 Taxicabs
3. Resolution Amending Related Taxicab Franchise Fees, Rates and Charges