



File #: 18-0719, Version: 1

REPORT TO COUNCIL

SUBJECT

Introduce an Ordinance Amending Chapter 5.36 (Taxicabs) of the Sunnyvale Municipal Code to Comply with State Law (AB 1069 and AB 939) and to Make Minor Operational Revisions

BACKGROUND

Sunnyvale Municipal Code (SMC) Chapter 5.36 (Taxicabs) regulates taxicab franchises to promote driver and passenger safety and risk reduction. On February 9, 2016, Council approved revisions to SMC Chapter 5.36 as recommended by staff (RTC No. 15-1104). The recommended revisions were the result of a study issue and consultant report that addressed the impact of ride-sharing businesses on the taxicab industry. At that time, staff acknowledged that the transportation industry would continue to evolve, and advised that staff would continue to monitor regulatory changes to this industry, both locally and throughout the state.

In October 2017, the State of California enacted into law Assembly Bill 1069 (AB 1069, Low), a bill that redirected regulatory authority for taxicabs from individual cities and towns to counties and regional authorities, establishing a statewide regulatory scheme for driver eligibility and vehicle safety by amending Section 53075.5 of the Government Code, adding sections 53075.51, 53075.52 and 53075.53 of the Government Code, and amending Section 1808.1 of the Vehicle Code. In September 2018, the State of California enacted Assembly Bill 939 (AB 939, Low) to additionally clarify portions of AB 1069. These laws take effect on January 1, 2019.

Previously, state law required every city or county to adopt a resolution or ordinance regarding taxicab transportation service. Taxicab companies and drivers were subject to the local laws of each city in which they operated, requiring multiple licenses and fees for each jurisdiction where they provided taxicab services. This model created barriers for market entry and made it difficult for taxicab companies to compete with other for-hire modes of transportation like Uber and Lyft.

AB 1069 creates a regional regulatory scheme throughout the state. In the absence of a regional authority, these new laws will allow a taxicab company to obtain a permit in the city or jurisdiction in which it is substantially located. (Currently, Santa Clara County does not have an established regional taxicab permitting authority.) This change in state law will obligate a taxicab company to obtain a permit in only one jurisdiction and will prohibit cities from requiring an additional local taxicab permit if a taxicab is operating with a lawfully issued permit from a jurisdiction within the same county. The law will also allow for the assessment of a minimum fine of \$5,000 for unpermitted taxicab operations.

AB 1069 and AB 939 will take effect on January 1, 2019, and as a result, the City must revise its existing ordinance related to taxicab regulation to align with the new state law. Staff has proposed minor updates to SMC Chapter 5.36 to comply with AB 1069 and AB 939 and incorporate

modifications to the SMC due to advances in technology and changes in the marketplace. A summary of the proposed changes is included in Attachment 2, Impact of AB 1069/AB 939.

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-3 An Effective Multimodal Transportation System: Offer the community a variety of transportation modes for local travel that are also integrated with the regional transportation system and land use pattern.

ENVIRONMENTAL REVIEW

The action being considered does not require review under the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no possibility that it may have an impact on the environment. (CEQA Guidelines Section 15061(b)(3))

DISCUSSION

The attached proposed revisions to Chapter 5.36 implement modifications due to recent changes in state law and makes minor operational revisions. Key changes include:

- Adding definitions and modifications to allow a driver to obtain a permit in jurisdictions in which they are “substantially located,” as defined by state law.
- Modernizing communication requirements to allow a driver to use updated technology in the place of a taximeter, as well as telephone applications and the Internet to advertise rates and fares.
- Removing the requirement to submit rates to the City and post a schedule of fares in the taxicab to allow companies to remain competitive during periods of high demand; however, companies will be required to disclose rates to passengers prior to acceptance of the ride.
- Removing the requirement to display a flag indicating that a taxicab is available.
- Adding additional safeguards to protect the health and safety of the public, including updated insurance provisions, prohibitions on refusal of service for discriminatory purposes, enrolling in a DMV pull-notice system, and provisions for revocation or suspension of a permit based on felony and certain misdemeanor violations.

FISCAL IMPACT

Revenue and expenses related to taxicab activities are accounted for in the General Fund. Revenue from taxicab permitting operations in FY 2016/17 and FY 2017/18 totaled \$15,268.50 and \$20,787.00, respectively.

Currently, only two taxicab companies operate in Sunnyvale, and staff has confirmed that Orange Cab intends to obtain a permit in Sunnyvale under the new regulations. It is anticipated that the City’s revenue derived from taxicab franchise agreements, taxi driver permits, and vehicle inspection stickers will decline. Therefore, there is an estimated net negative fiscal impact on the City; however,

it is small enough that it can be absorbed within the General Fund.

The current City Fee Schedule contains fees associated with taxicab transportation services that are calculated on a cost-recovery basis. It is not anticipated that the proposed revisions to SMC Chapter 5.36 will affect the level of activity required to issue a franchise agreement, taxicab license, or driver permit, so no change to the Fee Schedule is recommended at this time.

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 to comply with state law (AB 1069 and AB 939) and to make minor operational revisions and find that the action is exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).
2. Introduce the Ordinance Amending Chapter 5.36 (Taxicabs) of the Sunnyvale Municipal Code to comply with state law (AB 1069 and AB 939) and to make minor operational revisions with modifications and find that the action is exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).
3. Do not introduce the Ordinance and provide alternative direction to staff.

STAFF RECOMMENDATION

Alternative 1: Introduce an Ordinance Amending Chapter 5.36 (Taxicabs) of the Sunnyvale Municipal Code to comply with state law (AB1069 and AB 939) and to make minor operational revisions and find that the action is exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

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Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Ordinance
2. Impact of AB 1069/AB 939 (Low)