



City of Huntington Beach

File #: 21-1017

MEETING DATE: 1/18/2022

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Sean Joyce, Interim City Manager

PREPARED BY: Dahle Bulosan, Chief Financial Officer

Subject:

**Adopt Ordinance No. 4248 amending Chapter 5.48 of the Huntington Beach Municipal Code regulating Taxicabs to comply with California Government Code Section 53075.5 and Adopt Resolution No. 2021-78 to establish fees for the City of Huntington's Taxicab Program
Approved for Introduction December 21, 2021 - Vote: 7-0**

Statement of Issue:

California Government Code Section 53075.5 requires cities to adopt ordinances to regulate services provided by taxi companies that are substantially located in the city. City Council approval is requested to approve amendments to the Municipal Code Chapter 5.120 and establish fees for the City's Taxicab Program.

Financial Impact:

The proposed taxicab fees would fully offset all costs associated with the administration of the Taxicab Program. The Taxicab program will be managed within the current General Fund budget. Therefore, no new appropriation is needed at this time.

Recommended Action:

Adopt Ordinance No. 4248, "An Ordinance of the City of Huntington Beach Amending Chapter 5.48 of the Huntington Beach Municipal Code Taxicab-Vehicles for Hire."

Alternative Action(s):

Do not approve the recommended action(s) and direct staff accordingly.

Analysis:

The Orange County Taxi Administration Program (OCTAP), an association of Orange County Agencies, was originally established to regulate taxicab transportation services for all cities within Orange County. In December 2020, OCTAP dissolved and Orange County cities are now responsible for administering their own taxicab programs in jurisdictions where taxi companies are "substantially located" in the city. The California Government Code defines "substantially located" as

the following:

- 1) Has its primary business address within the city's or county's jurisdiction.
- 2) The total number of prearranged and nonprearranged trips that originate within that city's or county's jurisdiction account for the largest share of the taxicab company's total number of trips within each county where the taxicab company operated over the previous calendar year, as determined annually.

There appears to be several taxi companies with business addresses in Huntington Beach that would be considered to be "substantially located" in the City. In order to comply with State law, staff is recommending the establishment of a Taxicab Program to permit taxicab companies, vehicles, and drivers that would meet the criteria of being "substantially located" in the City.

The Taxicab Program establishes minimum safety and service standards for the provision of taxicab services in the City of Huntington Beach. Staff developed regulations to define minimum taxicab company, taxicab vehicle, and taxicab driver permitting requirements. The regulations were developed using OCTAP's regulations as a base template with modifications for the City of Huntington Beach's needs and operations. The following are key regulatory program requirements:

- 1) Taxicab companies must have drug and alcohol policy meeting the City's Taxicab Program requirements and proof that the company has implemented a Drug and Alcohol Certification Program covering all its affiliated permitted drivers pursuant to Government Code Section 553075.5.
- 2) A negative drug and alcohol screening test administered by a City approved test lab is required by taxicab drivers to be permitted in the City.
- 3) All taxicab drivers are required to undergo a Department of Justice live scan fingerprint background check that is reviewed and evaluated by the City's Police Department for clearance.
- 4) Submission of evidence of insurance, in full force and effect, in such form as required by the City.
- 5) Taxicab vehicles shall meet the requirements of the California Vehicle Code including insurance, vehicle registration, and maintenance requirements.
- 6) A violation of any of the City's Taxicab Program Regulations is subject to a penalty in the form of a fine, suspension and/or revocation of a permit.

The City of Huntington Beach's Taxicab Program Regulations is available in its entirety in Attachment 4.

Taxicab Program Fees

The services for which a city imposes a user or regulatory fee typically derive from an individual person or entity's action, request, or behavior. Therefore, except in cases where there is an overwhelming public benefit generated by a city's involvement in the individual action, a fee for service ensures that the individual bears most, if not all, of the cost incurred by the City to provide that service. When a fee targets "100% or full cost recovery," the individual is bearing the entirety of

the cost. When a fee targets less than full cost recovery, another City revenue source - in most cases, the General Fund - subsidizes the individualized activity.

Industry best practice and California statute are in harmony: User and regulatory fees should be set according to the estimated reasonable cost of service and should bear a fair and reasonable relationship to the payer's burdens on or benefits received from the activities and/or services provided by the City.

The proposed Taxicab Program Fees are set at 100% or full cost recovery and is intended to comply with applicable federal, state, and local laws including providing confirmation that the proposed fees (charges) are not a tax as defined in Article 13C of the California Constitution and that the proposed fees are no more than necessary to the cover the reasonable costs of the City's activities and services addressed in the fees. Additionally, the manner in which the costs are allocated to a payor bear a fair and reasonable relationship to the payor's burdens on, or benefits received from the activities and services provided by the City. The proposed Taxicab Program Fees are located in attachment 3 and the underlying Cost of Service Analysis used to derive the fee is located in attachment 5.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

1. Ordinance No. 4248, "An Ordinance of the City of Huntington Beach Amending Chapter 5.48 of the Huntington Beach Municipal Code Taxicab-Vehicles for Hire
2. Legislative Draft - Chapter 5.48 Taxicabs-Vehicles for Hire
3. Resolution No. 2021-78, "A Resolution of the City Council of the City of Huntington Beach Establishing Taxicab Permit Fees By Amending Resolution 2016-59, As Amended By Resolution Nos. 2017-28, 2017-44, 2017-46, 2018-01, 2018-29, 2018-48, 2018-55, 2019-07, 2019-19, 2019-87, 2020-37, 2021-17, 2021-18 And 2021-36, Which Established A Consolidated Comprehensive Citywide Master Fee And Charges Schedule (Supplemental Fee Resolution 15)
4. City of Huntington Beach Taxicab Program Administrative Regulations No. 315
5. Taxicab Permitting - Cost of Service Analysis