



**TO:** Mayor and Councilmembers

**FROM:** Michael Jenkins, City Attorney

**CONTACT:** Winnie Cai, Assistant City Attorney

**SUBJECT:** Amendment to Taxicab Licensing Ordinance

**RECOMMENDATION:**

- A. Introduce and conduct first reading (by title only), and waive further reading of Ordinance No. 18-\_\_ entitled “An Ordinance of the City Council of the City of Goleta Amending Chapter 5.04 (Taxicabs) of the Goleta Municipal Code to Reflect the State-Mandated Local Program Enacted by Assembly Bill 1069;” and
- B. Continue to next regular meeting for second reading.

**BACKGROUND:**

In California, taxicabs have historically been regulated locally by cities and counties on a jurisdiction-by-jurisdiction basis, whereas transportation network companies (“TNCs”) such as Uber and Lyft are regulated at the state level by the California Public Utilities Commission. The Legislature found this regulatory disparity to be a source of economic hardship for taxicabs, as TNCs have been operating under a single set of rules while cab companies have been subject to multiple permitting fees and service rate structures.

Short of achieving state regulation of all vehicles for hire, however, in October of 2017 the Legislature passed Assembly Bill 1069 (“AB 1069”), which promotes countywide regulation of taxicabs so that the taxi business may better compete with TNCs. Specifically, AB 1069 is intended to reduce the number of permits taxicabs need to acquire in order to operate in each county while ensuring some regional regulation of the business in the interests of consumer protection, public safety, and service quality.

*Reducing the scope of local regulation to substantially located operators*

The new law enacted by AB 1069 takes effect on January 1, 2019. In essence, the law provides that a taxicab operator is required to obtain a business license and driver permits only from the jurisdictions in which it is “substantially located.” A taxicab business is substantially located within (1) the jurisdiction of its primary business address and (2) the jurisdiction within a single county that accounts for the largest share of an operator’s total number of trips (by trip origination) within the county over the

previous calendar year. Operators may be substantially located in more than one jurisdiction. Beginning in 2018, taxicab drivers were required to begin collecting trip data to make this determination. At the time of permit renewals in 2019, companies and drivers are to provide this data to the jurisdictions in which they are substantially located.

Therefore, going forward, a taxicab operating permit from one jurisdiction within a county (from the jurisdiction where an operator is substantially located) authorizes a taxicab company to provide prearranged trips anywhere within the county. Accordingly, cabs licensed by the City of Santa Barbara or by another jurisdiction within Santa Barbara County would also be permitted to operate in Goleta. In this sense, operating permits have countywide currency under AB 1069 (supplanting jurisdiction-by-jurisdiction regulation). However, the new law also requires that taxicabs have a valid permit to operate from each jurisdiction in which a company is substantially located. For those operators that are substantially located by business address and by trip origination in different jurisdictions within a single county, the law requires a company to obtain two permits to operate within the county. Cities' regulatory authority (and obligations), in turn, will be limited to those operators substantially located within their jurisdiction.

Goleta currently requires taxicabs operators who solicit or accept passengers within the City to obtain a taxicab permit. In the beginning of 2018, the City had seven taxicab permits. Currently, there are four active taxicab permits, and the associated taxicab operators are all located in Goleta. Unless other taxicab operators who do not reside in Goleta have a majority of their trips generate from Goleta or more taxicab operators open a business in Goleta, Goleta would not have any more than the four taxicab permits in the future.

*Regulating non-prearranged trips and taxicab operations exclusive of permitting*

Whereas the main provisions of AB 1069 aim to reduce the number of permits that taxicabs must attain (and fees they must pay) to operate within a county, the bill also subjects permitted taxicab companies to greater public safety and consumer protection requirements, including annual vehicle inspections and driver training programs.

The law enacted by AB 1069 also provides that any city or county "regardless of whether a taxicab company is substantially located within its jurisdiction" may adopt, by ordinance, taxicab operating requirements that do not relate to permitting or business licensing. These restrictions on operations may include, but are not limited to:

1. Regulating "non-prearranged trips" by limiting the number of taxis that may use public taxicab stands or that may pick up street hails;
2. Requiring taxicab services to be equally accessible by all populations within a jurisdiction; and
3. Other public health, safety, or welfare ordinances relating to taxicabs.

If a city chooses to regulate non-prearranged taxicab trips the city must identify authorized vehicles with a window sticker but cannot impose any additional requirements or costs on cab operators. Accordingly, compliance with these local

operating regulations, enacted at the discretion of local legislative bodies, may not be a permit requirement for which fees may be collected. For those cities that no longer receive any or much permitting revenues (because no or few taxicabs are substantially located in the city), the cost of regulating non-prearranged trips would now come at public expense. Cities and counties may, however, impose fines ranging from \$100 to \$1,000 for compliance violations.

## **DISCUSSION:**

The recommended amendments to Goleta's taxicab ordinance incorporate new state mandated changes and eliminate provisions of the existing code that do not reflect the City's regulatory practices. Given the present uncertainty over where taxicab companies will be substantially located and the uncertain impacts of AB 1069 on the struggling taxicab industry, 2019 is likely to be a year of regulatory adjustment. Therefore, at this time, the City should proceed by implementing only the key provisions of the new law—limiting the scope of the City's regulatory authority—and by updating its code to reflect the City's streamlined regulatory process.

### *Accepting permits from another jurisdiction*

Shortly after its incorporation, the City adopted the County of Santa Barbara's taxicab ordinance, which has not been updated since to reflect the City's regulatory practices. Given the City's limited capacity to issue photo driver permits, and in the interest of efficiency, the City currently requires applicants for Goleta taxicab permits to first demonstrate proof of license with the County. However, unless all taxicab operators substantially located in the City are also substantially located within the unincorporated area of the county, the City cannot continue to require a county license as part of its permitting scheme.

The new law does, however, recognize the plight of jurisdictions in Goleta's circumstances and provides that the City may accept driver or operator permits issued by another city or county (in which an operator is substantially located) as valid for purposes of satisfying Goleta's permitting requirements.

At present, those operators substantially located in Goleta by business address seem to earn most of their fares in neighboring jurisdictions, such as in the City of Santa Barbara. Therefore, to retain its streamlined permitting process, the City may require its permit applicants to demonstrate proof of being permitted by the jurisdiction in which they are substantially located by trip generation and accept those permits as valid for a permit from Goleta.

### *Regulating prearranged trips and non-prearranged trips alike*

Goleta's existing taxicab ordinance applies to all taxicab operators which "solicit or accept passengers" in a taxicab within the City. The language of the ordinance thus does not distinguish between prearranged trips (which includes trips arranged by an online enabled application, phone calls to dispatch, or internet websites) and non-

prearranged trips (which includes use of taxi stands, walk-up passengers, and street hail pickups).

The substantially located permitting framework enacted by AB 1069 only applies to prearranged trips. As stated previously, however, the law does allow a city or county to regulate any non-prearranged taxicab trips within its jurisdiction separately from any permitting scheme. The regulating jurisdiction may impose fines for compliance violations, but regulating non-prearranged rides would otherwise be at local expense.

Accordingly, the City may, at its discretion, (1) not regulate non-prearranged taxicab trips, (2) limit non-prearranged trips to a select number of operators (such as those operators substantially located in and permitted by the City), or (3) ban all non-prearranged trips within the City. At present, Goleta does not manage any public taxi stands, and staff does not recommend that the City otherwise begin regulating non-prearranged rides at this time.

By continuing to define taxicab operators in terms of those who “solicit or accept passengers” in the City, the new ordinance would allow those operators substantially located in (and permitted by) the City to offer both prearranged and non-prearranged trips in Goleta. By not adding an express prohibition against non-prearranged trips by taxicab operators licensed by other jurisdictions, the new ordinance would also allow any permitted operators to pick up street hails and accept walk-up passengers within the City.

#### *Key provisions of the amended ordinance*

Accordingly, the recommended amendments to the City’s taxicab ordinance largely consists of narrowing the scope of the City’s licensing authority and updating the text to reflect the City’s streamlined permitting process. The key provisions of the amended ordinance include

- Definitions of a “taxicab operator” and “taxicab driver” subject to the licensing and permitting requirements of the ordinance as persons operating and driving taxicabs within Goleta *and* substantially located within the City.
- A definition of “substantially located” based on an operator’s primary business address and greatest regional source of business.
- A provision in the requirements for an operator’s permit that allows the City to retain its streamlined permitting process. Specifically, to attain a Goleta permit, an applicant must provide
  - Documentation substantiating where in the County of Santa Barbara a taxicab operator is substantially located by trip generation, and
  - Proof of valid operator and driver permits issued by that jurisdiction.

## FISCAL IMPACTS:

The fiscal impacts of the proposed change to the City's taxicab permitting scheme are negligible. The City charges (and will continue to charge) the following annual fees for a taxicab operator's license and vehicle identification stickers:

New Business License	\$130.00
Renewal License	\$120.00
Vehicle Sticker	\$ 5.00 (per sticker)

At the start of 2018, seven taxicab businesses were licensed to operate in Goleta. At present, four operators maintain an active business license with the City, and staff expects at most four operators to renew their licenses in 2019 (based on four operators maintaining a Goleta business address). The largest such operator manages a fleet of twelve vehicles.

To continue servicing these four taxicab operators, the City will largely retain its low-budget permitting scheme. Specifically, the City has relied on and will continue to rely on neighboring jurisdictions within the County to issue driver permits (and conduct the requisite investigations into permit applicants). Accordingly, the City will bear minimal administrative costs to continue licensing its taxicabs.

## ALTERNATIVES:

Rather than adopt the recommended amendments to the City's taxicab ordinance, the Council may elect to coordinate the City's regulatory efforts with other jurisdictions within the County of Santa Barbara, or even with jurisdictions outside the county. The new law enacted by AB 1069 allows the City to fulfill its regulatory obligations by entering an agreement to form a joint powers authority with another city or county, or by entering an agreement with a transit agency for the purpose of regulating taxicabs substantially located in multiple jurisdictions. The City may also consider entering a memorandum of understanding ("MOU") with neighboring jurisdictions to coordinate future permitting and enforcement efforts. However, given the small scale of the City's current and anticipated permitting operations, and the uncertain future of the taxicab industry, the regulatory costs of these alternatives would likely outweigh the costs of the recommended ordinance amendment.

**Reviewed By:**



Carmen Nichols  
Deputy City Manager

**Legal Review By:**



Michael Jenkins  
City Attorney

**Approved By:**



Michelle Greene  
City Manager

## ATTACHMENTS:

1. Ordinance No.18- “An Ordinance of the City of Goleta Amending Chapter 5.04 (Taxicabs) of the Goleta Municipal Code to Reflect the State-Mandated Local Program Enacted by Assembly Bill 1069.”

## **Attachment 1**

Ordinance No. 18-\_\_ entitled “An Ordinance of the City of Goleta Amending Chapter 5.04 (Taxicabs) of the Goleta Municipal Code to Reflect the State-Mandated Local Program Enacted by Assembly Bill 1069.”





ORDINANCE NO. \_\_\_\_

**AN ORDINANCE OF THE CITY OF GOLETA  
AMENDING CHAPTER 5.04 (TAXICABS) OF THE  
GOLETA MUNICIPAL CODE TO REFLECT THE  
STATE-MANDATED LOCAL PROGRAM ENACTED  
BY ASSEMBLY BILL 1069**

THE CITY COUNCIL OF THE CITY OF GOLETA DOES ORDAIN AS  
FOLLOWS:

**SECTION 1 CODE AMENDMENT.**

Chapter 5.04 of Title 5 of the Goleta Municipal Code is hereby amended in its  
entirety to read as follows:

**Chapter 5.04**

**SECTIONS:**

**Article I: Operator's Permit**

- 5.04.010 Definitions.**
- 5.04.020 Operator's Permit Required.**
- 5.04.030 Operator Duties.**
- 5.04.040 Insurance Requirements.**
- 5.04.050 Hold Harmless Agreement.**
- 5.04.060 Fees and Term.**
- 5.04.070 Taxicab Fares and Rates.**
- 5.04.080 Grounds for Denial, Revocation, or Suspension.**
- 5.04.090 Appeal.**

**Article II: Driver's Permit**

- 5.04.100 Driver's Permit Required.**
- 5.04.110 Permit Requirements.**

**Article III: Vehicle Stickers**

- 5.04.120 Vehicle Stickers Required.**
- 5.04.130 Sticker Requirements.**

## ARTICLE I. OPERATOR'S PERMIT

### 5.04.010 Definitions.

For the purposes of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning:

"Person" includes any natural person, firm, association, organization, partnership, joint venture, business trust, corporation, or company.

"City" means the City of Goleta.

"Director" means the Director of Neighborhood Services and Public Safety.

"Taxicab" means any passenger vehicle designed for carrying not more than eight (8) persons, excluding the driver, which is used for the transportation of passengers for hire on prearranged and non-prearranged trips in the streets of the City. "Taxicabs" shall not include

- i. Employer-sponsored carpool vehicles;
- ii. Vehicles operated by or under contract with a governmental agency;
- iii. "Transportation network companies" as defined in section 5431 of the California Public Utilities Code;
- iv. "Charter-party carriers" within the meaning of Chapter 8 of Division 2 of the California Public Utilities Code, including limousine services, which must operate on a prearranged basis and carry a waybill or trip report documenting their travel arrangements.

"Taxicab Operator" means a person engaged in the business of owning, controlling, or operating one or more taxicabs that solicit or accept passengers within the City, and which person is substantially located within the City.

"Taxicab Driver" means any person who drives a taxicab for hire within the City, and who either is a taxicab operator or is employed or contracted by a taxicab operator.

"Substantially located" means, in reference to a city or county, that a taxicab operator meets either of the following conditions:

- i. The operator's primary business address is located within the city's or county's jurisdiction; or
- ii. The total number of prearranged and non-prearranged trips that originate within the city's or county's jurisdiction account for the largest share of a taxicab operator's total number of trips within the county over the previous calendar year, as determined annually.

"Prearranged trip" means transportation arranged by means of telephone dispatch, an internet website, or an online enabled application.

#### 5.04.020 Operator's Permit Required.

Every taxicab operator shall apply for an operator's permit from the City and pay a permit fee. Applications for an operator's permit shall be signed by the applicant and shall include the following information:

- A. Name and business address of the applicant.
- B. If the applicant is a corporation, the names and addresses of its directors.
- C. Documentation substantiating where in the County of Santa Barbara an operator is substantially located, including trip data showing that prearranged and non-prearranged trips originating from a single jurisdiction accounts for the largest share of the operator's total number of trips within the county.
- D. Proof of a valid taxicab operator permit and driver permit issued by the jurisdiction identified in section 5.04.020(C).
- E. Certificate of insurance demonstrating public liability and property damage coverage for each taxicab to be used within the City.
- F. Number of vehicles to be operated under the permit.
- G. Such further information as the City may require.

#### 5.04.030 Operator Duties.

- A. Taxicab operators shall not allow any person other than a taxicab driver permitted in accordance with Article II, to operate any of its taxicabs for hire within the City.
- B. Taxicab operators shall not prejudice, disadvantage, or require different rates or provide different service to a person because of race, national origin, religion, color, ancestry, physical disability, medical condition, occupation, marital status or change in marital status, sex, or any characteristic listed or defined in Section 11135 of the Government Code.
- C. In addition to the other requirements specified in this chapter, taxicab operators shall do all of the following:
  - i. Maintain reasonable financial responsibility to conduct taxicab transportation services in accordance with the requirements of Section 5.04.040.
  - ii. Ensure compliance with, and pay all costs of complying with, the mandatory controlled substance and alcohol testing program for taxicab drivers under Section 5.04.110(B).
  - iii. Participate in the pull-notice program pursuant to Section 1808.1 of the California Vehicle Code, which enables operators to regularly check the driving records of all taxicab drivers, whether employees or contractors.

- iv. Maintain a safety education and training program in effect for all taxicab drivers, whether employees or contractors.
- v. Maintain a disabled access education and training program to instruct its taxicab drivers on compliance with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and amendments thereto, and state disability rights laws, including instructing drivers that it is illegal to decline to serve a person with a disability or who has a service animal.
- vi. Maintain its taxicabs in a safe operating condition and in compliance with the California Vehicle Code as specified in Section 5.04.130.
- vii. Provide the City with an address of an office or terminal where documents supporting the requirements of this chapter may be inspected by the City.
- viii. Keep current the information furnished to the City under Section 5.04.020.

#### 5.04.040 Insurance Requirements.

- A. No taxicab operator's permit shall be issued until the applicant first files with the City a certificate of insurance, on a form provided by the City and approved by the City Manager.
- B. During the term of a permit issued pursuant to this chapter, a taxicab operator shall maintain in full force and effect, at no cost to the City, a comprehensive auto and general liability insurance policy.
  - i. In an amount no less than \$1,000,000.00 per occurrence combined single limit for bodily injury and property damage; and
  - ii. Providing that the City, its officers, agents, and employees are to be named as additional insureds under the policy.
- C. Insurance coverage afforded to the City shall be primary.
- D. Cancellation or termination of the policy described in this section shall be grounds for revocation or suspension of the permit until a valid certificate is furnished to the City.

#### 5.04.050 Hold Harmless Agreement.

Each taxicab operator shall, and by acceptance of the permit, does agree to hereby indemnify and hold harmless the City, its officers, agents and employees from any and all damages, claims, liabilities, costs including attorney's fees, suits or other expenses resulting from and arising out of said taxicab operator's operations.

#### 5.04.060 Fees and Term.

- A. Fees. Operator permit fees shall be in the amount stated in the City's Fee Schedule. The fees for annual permit renewals and taxicab vehicle stickers shall also be in the amount stated in the City's Fee Schedule.
- B. Term. All permits and vehicle stickers issued to taxicab operators shall be for the period of one calendar year.
- C. The City may adopt by ordinance or resolution additional fees or assessments in an amount sufficient to pay for the costs of carrying out the provisions of this chapter.

#### 5.04.070 Taxicab Fares and Rates

- A. A taxicab operator may set fares or charge a flat rate. However, the City may set a maximum rate.
- B. A taxicab operator may use any type of device or technology approved by the Division of Measurement Standards to calculate fares, including the use of Global Positioning System metering, provided that the device or technology complies with Section 12500.5 of the Business and Professions Code and with all regulations established pursuant to Section 12107 of the Business and Professions Code.
- C. A taxicab operator shall disclose fares, fees, or rates to its passengers. An operator may satisfy this requirement by disclosing fares, fees, or rates on its internet website, mobile telephone application, or through telephone orders upon a customer's request.
- D. A taxicab operator shall notify passengers of the applicable fare or rate prior to a passenger accepting walkup rides or rides by street hails. Rates may be provided on the exterior of the vehicle, within a mobile telephone application or other internet-connected device, or otherwise be made clearly visible inside the taxicab.

#### 5.04.080 Grounds for Denial, Revocation, or Suspension.

When the public safety and interest so requires, the Director of Neighborhood Services and Public Safety may refuse to issue a taxicab permit, and may suspend or revoke any such permit, as when an applicant or operator

- A. Has knowingly made a false statement in a material matter either in his or her application or in any reports or other documents furnished by him or her to the City.
- B. Does not maintain and operate his or her vehicle and other equipment in the manner and in the condition required by law and applicable regulations.

- C. Is required to register as a sex offender under the provisions of Section 290 of the California Penal Code.
- D. Within the three-year period immediately preceding the application has been under suspension, revocation or probation by the Department of Motor Vehicles for a cause involving the safe operation of a motor vehicle, or has been convicted of any of the following offenses: driving while intoxicated; or reckless driving involving bodily injury.
- E. Has been convicted of any offense punishable as a felony, or has been convicted within a 10-year period immediately preceding the crime of theft in either degree.
- F. Has been involved within the two years immediately preceding the application in any motor vehicle accident causing death or personal injury.
- G. Has violated any provision of this chapter, or has been convicted of any violation of the California Vehicle Code.
- H. Has failed to pay required permit fees.

#### 5.04.090 Appeal

- A. In the event that the Director intends to deny a permit application or to revoke or suspend an operator's permit, written notice of such denial or intent to revoke or suspend shall be served by first-class mail upon the applicant or permit holder. The notice shall state the grounds for the Director's decision and shall inform the applicant or permit holder of his or her right to appeal to the City Council within 15 days of the notice.
- B. Upon receipt of a timely, written request for appeal, the City Clerk shall set a hearing to occur within 30 days before the Council or its designated hearing officer and shall provide written notice of the same to the appellant.
- C. The Council shall make its decision by majority vote, either at the end of the hearing or at a date not more than 10 business days after the close of the hearing. The decision of the Council shall be final.

## ARTICLE II. DRIVER'S PERMIT

#### 5.04.100 Driver's Permit Required.

Every taxicab driver shall obtain a taxicab driver permit from the jurisdiction identified in Section 5.04.020(C)—the jurisdiction in which the driver or driver's employer is substantially located by trip generation. Drivers shall display their driver permits or other inspection compliance devices in a place visible to taxicab passengers.

#### 5.04.110 Permit Requirements.

- A. Employment, or an offer of employment, as a taxicab driver by a taxicab operator shall be a condition for issuance of a driver's permit.
  - i. The driver's permit shall become void upon termination of employment.
  - ii. The driver's permit shall state the name of the employer.
  - iii. The employer shall notify the city or county upon termination of employment.
  - iv. The driver shall return the permit to the issuing city or county identified in Section 5.04.020(C) upon termination of employment.
- B. Employment as a taxicab driver and issuance of a driver's permit shall be conditioned on compliance with the mandatory controlled substance and alcohol testing program described below:
  - i. Every taxicab operator, including a self-employed independent taxicab driver, shall adopt a mandatory controlled substance and alcohol testing certification program for all of its drivers in compliance with California Government Code Section 53075.5(b)(3).
  - ii. Drivers shall test negative for alcohol and for each of the controlled substances specified in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, before employment. Drivers shall also test negative for these controlled substances and for alcohol as a condition of permit renewal. As used in this section, a negative test for alcohol means an alcohol screening test showing a breath alcohol concentration of less than 0.02 percent.
  - iii. Failure to comply with the requirements of this section constitutes grounds for denial, revocation, or suspension of either an operator's permit or a driver's permit.

### ARTICLE III: VEHICLE STICKERS

#### 5.04.120 Vehicle Stickers Required.

Every taxicab operator shall obtain a vehicle sticker from the City for each of its taxicabs. The fees and term for such stickers are as stated in Section 5.04.060.

#### 5.04.130 Sticker Requirements.

- A. Vehicle stickers and annual renewals shall only be issued to properly insured taxicabs as specified in Section 5.04.040.

- B. Operators shall maintain their taxicabs in safe operating condition and in compliance with the California Vehicle Code, subject to annual inspection at a facility certified by the National Institute for Automotive Service Excellence or a facility registered with the Bureau of Automotive Repair.

**SECTION 2 SEVERABILITY.**

Should any provision, section, paragraph, sentence or word of this Ordinance be rendered or declared invalid by a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this Ordinance shall remain in full force and effect.

**SECTION 3 CONSTRUCTION.**

The City Council intends this Ordinance to supplement, not to duplicate or contradict, applicable state and federal law and this Ordinance shall be construed in light of that intent.

**SECTION 4 EFFECTIVE DATE.**

This ordinance shall take effect on the 31st day following the date of its final adoption.

**SECTION 5 CERTIFICATION.**

The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published or posted according to law.

INTRODUCED ON the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

PASSED, APPROVED, AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
PAULA PEROTTE, MAYOR

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
DEBORAH S. LOPEZ  
CITY CLERK

\_\_\_\_\_  
MICHAEL JENKINS  
CITY ATTORNEY



STATE OF CALIFORNIA )  
COUNTY OF SANTA BARBARA ) ss.  
CITY OF GOLETA )

I, Deborah S. Lopez, City Clerk of the City of Goleta, California, do hereby certify that the foregoing Ordinance No. 18-\_\_ was introduced on December 4, 2018, and adopted at a regular meeting of the City Council of the City of Goleta, California, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2018 by the following roll-call vote, to wit:

**AYES:**

NOES:

ABSENT:

(SEAL)

DEBORAH S. LOPEZ  
CITY CLERK