

The Municipal Regulation of Taxi Operations in California



League of California Cities
City Attorney Conference
San Francisco, CA
May 4, 2017

Michael Conneran
Hanson Bridgett LLP





An aspiring entrepreneur arrives in San Francisco . . .

with an innovative approach to the taxi business . . .

and soon clashes with local regulators.





- Uber?



- Lyft?



No, Gurney!





GURNEY CAB CO.,

Office, 14 Montgomery Street.

TELEPHONE 5125.

Elegance, Comfort, Convenience and Luxury,

....FOR....

25 CENTS PER MILE.

HOURLY SERVICE :

One or Two Passengers - - - - \$1 00

Three or Four Passengers - - - - 1 25

ap30 WeSuMo 11



A “disruptive” market entrant, 1890’s style:

- New type of vehicle, easier to enter
- Business model required that multiple drivers use the same cab
- Multiple driver model threatened order where individual owner/operators relied on single-driver limitation to enable them to compete with large firms
- Driver’s union opposed Gurney’s entry





Origins of Municipal Taxi Regulation:

A distinguished citizen arrives as the SF Ferry Building . . .



In 1889:





F.S. Chadbourne was picked up by a “nighthawk,” or unlicensed cab driver, James “Nosey” Brown, likely using another cabbie’s rig, and was taken to an isolated area where he was asked to pay a greatly inflated fare.

Upon his refusal to pay it, Chadbourne was left stranded late at night to find his own way home.

Nosey Brown picked the wrong guy to mess with.



F.S. Chadbourne was a prominent business owner...



And Chair of the Civil Grand Jury!



The Chadbourne Ordinance- First San Francisco Taxi Regulation (1890)

- All drivers had to be licensed
- One driver per vehicle
- Badges to match vehicle numbers
- Licenses only issued to “law abiding citizens of good moral character”

Gurney refused to have his operation comply with the law, vowed to fight it all the way to the Supreme Court. He lost at the trial level and was forced out of business by 1892. It didn't help that Gurney charged hidden fees and assisted strike-breakers, earning him strong political opposition.





- **Government Code 53075.5 requires every city and county to have an ordinance that:**
 - Provides for the establishment or registration of rates
 - Requires a mandatory drug and alcohol testing program
 - Includes a permit policy for drivers requiring:
 - Compliance with the drug/alcohol testing program
 - Permit stating the name of their employer
 - Return of a permit when employment is ended





How do cities regulate taxis?

- Some cities regulate on their own
- City joins JPA to share enforcement:
 - Marin County
 - San Diego
 - Orange County





Purposes of Taxi Regulation:

- Public Health and Safety
- Ensuring Adequate Service
- Establishing Fares:
 - To ensure adequate supply of quality operators and prevent fare gouging?
 - or-
 - To protect the incomes of existing operators?



Life in the big city:

- Medallions worth up to \$1M
- Elaborate financing arrangements



Political power of taxi companies often demonstrated by cabs circling City Hall honking their horns:





Taxis v. Transportation Network Companies (TNCs):

- PUC coins term TNC, a subset of Charter Party Carriers
- What makes a taxi different from a TNCs?
 - Able to accept street hails
 - On-board taxi meters
 - Rates set by municipalities
 - Required to have drug-testing program
- But, some taxis can now be hailed via an app, just like TNCs
- Many taxi operators upset by TNC rulings:
 - Legal challenges have been unsuccessful
 - Political efforts have had only minor impact
 - Have put pressure on the PUC to regulate TNCs more closely, such as blocking use of rental cars





Is there still a role for cities?

There almost wasn't!

AB 650, which would have made taxi regulation a state function, removing the role of cities entirely, was passed by both houses in 2016, but was vetoed by Governor, who said:

“The bill fundamentally alters the long-standing regulation of taxicabs by cities and counties and makes that the determination that this responsibility should be shifted to the state. I do not believe that such a massive change is justified.”





- Public Utilities Code 5371.4:
 - Cities can't impose a fee on limousines*/TNCs, but can impose a business license fee on operators "domiciled or maintaining a business office" within their jurisdiction.
 - Municipal airports can impose a permit fee for limos, but it can't be based on gross receipts
- * Limousines are Charter Party Carriers with a capacity of not more than 10 passengers.





But can change be avoided?

SB 182 (Bradford) would prohibit cities from requiring TNC drivers to pay a business license tax in more than one jurisdiction.

A move for efficiency or an invasion of cities' jurisdiction?





What about us?

The ascent of TNCs leaves questions for cities:

- How to ensure accessibility?
- How to ensure equity in obtaining service?
- How to control impacts on other public services, such as transit systems?
- How to maintain the ability of cities to control a vital public service?
- What about drug testing?



Coming soon to a city near you?

Autonomous Vehicles

- Race to perfect technology
- Will greatly reduce labor costs
- Threat to taxis and buses?
- A role for cities?

