



Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE
FROM: Mayor Sam Liccardo
Councilmember Peralez
SUBJECT: TAXISSUES
DATE: October 20, 2021

APPROVED: 
DATE: October 14, 2021

RECOMMENDATION

1. Direct staff to review and respond to issues and concerns raised by the taxicab industry to the City Council in the letter dated July 29th 2021(attached), including increased insurance requirements, taxicab color schemes and taxicab meter requirements;
2. Direct staff to delay any new requirements imposed on the taxi cab industry until staff has had an opportunity to review the issues fully and provide Council analysis on the items the industry has raised.

BACKGROUND

The taxi industry has repeatedly reached out to the City Council raising concerns about the increase in liability insurance requirements -- moving from \$300,000 to \$750,000, and also to request modifications to the taxi ordinances that address the appearance of cabs, as well as the in-cab meters that are currently required. Industry representatives have communicated to Council that the insurance increase alone could amount to nearly a \$9,000 cost per vehicle.

It is no secret that the taxi industry has been deeply affected by TNCs, and the pandemic has further impacted this industry that provides important service at the Airport, and city more broadly. The Council has worked to mitigate the impacts the industry has felt over time - and we are hearing loudly that the new insurance requirements (a 250% increase) will severely hamper the taxi industry's ability to remain viable -- especially amidst the economic fallout of the pandemic. After pushback from the taxi industry over the Summer, staff informed the drivers that they would delay implementation of the new insurance requirements, until November 1, 2021. We think a further delay is necessary, to allow time for a review and comparative analysis with other cities, and to hear from staff on the other issues the industry has raised.

**IQ Business Connection
FNA, Yellow Checker Cab
646 N King Road, Suite A
San Jose, CA 95133**

July 29, 2021

Mayor Sam Liccardo
City Council Members
City of San Jose
200 E. Santa Clara Street
San Jose, CA 95113

RE: Taxicab Issues

Honorable Mayor and Council Members,

The remaining San Jose taxicab industry are in desperate need of your help!

We have several issues directly effecting us in this not yet post pandemic era,

- 1) Increased fees charged to drivers and vehicles. (\$623 Permit fee + \$150 business Lic)
- 2) Increased insurance requirements.
- 3) Taxicab Color Schemes (Paint colors and decals)
- 4) Taxicab Meter Requirements

Our records show the city of San Jose had as many as 16 licensed taxicab companies. Only 3 remain today.

Over the past 8-years the City of San Jose expressed concerns to "level the playing field" between the taxicab industry and Uber/Lyft. Unfortunately, this project is proceeding in the wrong direction.

Fees

During the annual budget re-evaluation a new driver permit fee was raised from \$550.00 to \$623. A renewal driver permit fee was increased from \$168 to \$352.00. Any new driver will now pay the City \$773.00 before earning ANY money. Uber and Lyft drivers pay \$0.00.

Finding new drivers is difficult enough, the increased costs are a reason for many to turn their backs on driving a taxicab.

We ask you to return the already high cost of obtaining a permit to the previous levels or lower.

Insurance Requirements

Recently, the City Risk Manager decided to increase the amount of auto liability insurance from \$300,000 to \$750,000! After immediate pushback from the industry the CRM informed the

industry that he would delay the implementation of the new, (and more than double limits), until November 1, 2021.

These are difficult times and such an increase in coverage will likely double our premium in an already inflated and "hard market" insurance market.

We ask you to leave the limits of our commercial auto liability Insurance at current level of \$300,000.

Color Schemes

The taxicab industry made a request to eliminate certain and required paint colors for taxicabs under our licensing requirements. SJPD responded citing the municipal code.

6.64.160 requires taxicab companies to list a trade name and color of vehicles in our application.

6.64.180 allows SJPD to deny an application if the color, (among other requirements), will tend to confuse the identification of the taxicab with other taxicab companies.

6.64.370 requires taxicab companies to maintain the approved color scheme.

Uber and Lyft have changed the way the public identify a for-hire vehicle . Their signage is limited to what appears to be a 3X5 sign in the front or rear window. This is an industry standard now not an expensive paint-job!

Taxicabs are unable to participate in programs such as micro-transit due to the paint requirement as it excludes vehicles unable to operate under the micro-transit signage.

Uber and Lyft are allowed any color vehicle with only minimum markings.

We ask you to remove the paint-color requirements from our ordinance. We agree to maintain certain markings such as the company name, vehicle number and telephone numbers. We should be able to negotiate a workable solution for this requirement.

Taxi Meters

For many decades the taximeter was a necessary part of a taxicab. In recent years the taxicab meter has little use in many taxicabs.

Several years ago the City of San Jose added 6.64.090 that states the following,

The charge for the use of a taxicab is determined either:

- A. By a taximeter; or
- B. As a prearranged fare/rate provided by app.

Although most rates are provided by app, all taxicabs are still required to have a certified taxicab meter at inspection by SJPD.

We ask you to allow taxicabs to be permitted/licensed without a taxi meter. (Owners choice)

Please see some additional information provided below.

We look forward to discussing these matters at your earliest convenience.

Best regards,

Larry Silva
President & GM
IQ Business Connection
FNA, Yellow Checker Cab

Read and approved by,

American Cab
Green Cab
San Jose Airport Taxi Drivers Association

California Yellow Cab, Orange County, CA

