

ORDINANCE NO. _____

An ordinance amending Article 1, Chapter VII of the Los Angeles Municipal Code to replace the City's existing taxicab franchise regulatory framework with an open market permitting system.

WHEREAS, recognizing the taxi industry's need for modernization, the Department of Transportation (LADOT) hired a consultant to review and evaluate regulatory practices with the goal of: (1) expanding economic opportunities for taxi companies and drivers; (2) allowing flexibility for new technology to improve rider experiences; (3) creating a framework that could easily be used for multiple for-hire models; (4) improving transportation equity and accessibility for riders; and (5) achieving departmental operational improvements and the removal of market barriers;

WHEREAS, after much research, stakeholder outreach, and industry input, LADOT has determined that the franchise system needs to be replaced with an open permitting model in order to simplify the City's taxicab regulations, and lower barriers for new entrants;

WHEREAS, the goal of a streamlined and flexible permit structure is to enable a more open market to allow new businesses to enter the City, which will: (1) result in a more competitive process; (2) provide the authority for the City to remove underperforming companies; and (3) establish accountability without sacrificing service quality;

WHEREAS, LADOT research revealed that the open market system works in other jurisdictions where it has been implemented in place of a franchise system, resulting in an increase in competition and in service improvements as the companies no longer have an entitlement to operate under a franchise and can be replaced by better performing companies; and

WHEREAS, LADOT recommends that the City's existing taxi franchise system be replaced with a streamlined permitting system in response to the recent disruption of the taxi industry by the arrival of the Transportation Network Companies, and in response to the need to significantly modernize the taxi service to better meet customer expectations.

NOW, THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. "Taxicab Operator" as defined in Los Angeles Municipal Code Section 71.00 is amended to read as follows:

“Taxicab Operator” shall mean a person, owner, corporation, cooperative, association, firm, partnership, membership organization, or other entity engaged in the business of operating a taxicab service. It also includes: (1) the management and officers of the Taxicab Operator; and (2) receivers or trustees appointed by any court.

Sec. 2. Section 71.01 of the Los Angeles Municipal Code is amended to read as follows:

The Board shall have the power to adopt and enforce such rules and regulations as may be necessary to implement the purposes of this article to the extent that such rules and regulations are not preempted by, or in conflict with any federal or state law, or any ordinance or resolution adopted by the City Council. Such rules and regulations may include, but are not limited to, the following: rules and regulations pertaining to the service, safety, and operation of the vehicles defined in this article; rules and regulations prescribing limitations, conditions, and qualifications of applicants for vehicle permits, driver permits, and ambulance attendant permits; rules and regulations relating to hearings conducted pursuant to Section 71.09 of this article; and rules and regulations specifying the monetary penalties and the procedures to collect the penalties that may be levied against an operating permit, vehicle permit, driver permit and attendant permit grantee pursuant to Sections 71.02.2 and 71.09.2 of this article. The Board shall also adopt and enforce all such requirements set forth in California Government Code Section 53075.5(b), pertaining to local regulation of taxicab transportation services.

Sec. 3. Subsection (b) of Section 71.01.1 is amended to read as follows:

(b) The Chief Transportation Investigators, Senior Transportation Investigators and Transportation Investigators shall have the immunity, authority, and powers of arrest of a peace officer to the extent permitted under state law, or any ordinance of this Code pertaining to matters under the jurisdiction of the Department.

Sec. 4. Section 71.02 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 71.02. OPERATION OF VEHICLES – PERMITS REQUIRED.

(a) No person, corporation, cooperative, association, firm, partnership, membership organization, or other entity shall drive, operate or use, whether as owner, lessor, lessee or otherwise, any of the vehicles defined in Section 71.00 to pick-up or attempt to pick-up passengers within the limits of the City of Los Angeles, or allow or permit to be operated, driven, or used, whether as owner, lessor, lessee, or otherwise, any of the vehicles defined in Section 71.00 to pick-up or attempt to pick-up a passenger within the limits of the City of Los Angeles, unless a written vehicle permit for the operation of such specifically defined vehicles has been obtained from the Board.

(b) No Taxicab Operator shall dispatch a taxicab or respond to a request for a taxicab for pick-up within the City of Los Angeles, unless the responding vehicle is operated pursuant to a permit granted by the Department.

(c) No Taxicab Operator shall dispatch a vehicle or respond to a request for a taxicab for pick-up, without a permit granted by the Department, when: (1) the Department has entered into an agreement with any other city in the County of Los Angeles to form a joint powers authority for the purpose of regulating and administering taxicab companies and taxicab drivers that are substantially located within the jurisdictional boundaries of the joint powers authority; and (2) the Department has entered into an agreement with a transit agency located within the County of Los Angeles for the purpose of regulating or administering the taxicab companies substantially located within the jurisdictional boundaries of the transit agency. Any agreement entered into by the Department with another city or transit agency as described above shall comply with all requirements set forth in California Government Code Section 53075.5 or other applicable state laws. For the purposes of this section, a taxicab company is substantially located within the jurisdictional boundaries of the joint powers authority if it is substantially located within one of the parties to the joint powers agreement. For purposes of this section, a taxicab company is substantially located within the jurisdictional boundaries of the transit agency if it is substantially located within the City or transit agency, located in the County of Los Angeles. A transit agency that enters into an agreement with the Department may exercise all powers granted to the Department in order to regulate and administer taxicab companies within the jurisdictional boundaries defined in the agreement.

(d) No taxicab shall continue in service if the taxicab vehicle permit is expired, suspended, canceled, or revoked. The Board may authorize the decaling of each individual taxicab by the Department as approval for a taxicab vehicle permit.

(e) Every Taxicab Operator shall include the number of its certificate, license, or permit in every written or oral advertisement of the services it offers. For purposes of this subdivision, "advertisement" includes, but is not limited to: (1) the issuance of any card, sign, or device to any person; and (2) the causing, permitting, or allowing the placement of any sign or marking on or in any building or structure, or in any media form, including newspaper, magazine, internet site, application (app), radio wave, satellite signal, or any other electronic transmission, or in any directory soliciting taxicab transportation services. Whenever the Board, after a hearing, finds that any Taxicab Operator is operating as a taxicab transportation service without a valid certificate, license or permit, or fails to include in any written or oral advertisement its certificate, license, or permit, the Board may:

- (1) Impose a fine of not more than \$5,000 for each violation;
- (2) Assess the Taxicab Operator an amount sufficient to cover the reasonable expense of investigation incurred by the Department; and

(3) Assess interest on any fine or assessment imposed to commence on the day the payment of the fine or assessment becomes delinquent.

(f) Any fee or assessment by the Board shall be deposited on a monthly basis into the Transportation Regulation and Enforcement Fund as set forth in Section 71.26 of this Code.

Sec. 5. Section 71.02.1 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 71.02.1. SUSPENSION OF TAXICAB PERMIT.

(a) The General Manager or the General Manager's designee may, after due notice and an opportunity to be heard, suspend a Taxicab Operator's permit, or any portion thereof for one or more days, upon any of the following grounds:

(1) Noncompliance with permit terms and conditions as specified therein; Board rules and orders as specified therein; Department directives; City ordinances; the California Vehicle Code; or the California Government Code.

(2) Illegally conducting any type of public transportation operation licensed by the City or any other governmental agency. Such suspension may be of one or more vehicles issued permits to operate throughout the City and/or suspension of the right to pick-up at certain taxicab stands and at Los Angeles International Airport.

Sec. 6. Section 71.02.2 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(a) The Board may levy monetary penalties in addition to or in lieu of suspension of an operating permit pursuant to Section 71.02 above. Monetary penalties may be levied on a per violation basis, a per day basis, or an accumulated penalty point basis, and may escalate on a first, second, or third violation basis. Deficiencies in operations which endanger the public health, welfare, and/or safety shall receive the maximum penalties.

(b) The Board shall adopt by resolution a schedule of monetary penalties, a procedure for assessing monetary penalties or penalty points for specific driver and/or Taxicab Operator violations, and an appeal procedure. Monetary penalties for Taxicab Operators shall be no more than \$1,000 for each penalty point over an established limit, or for each day, as appropriate, up to a maximum of \$25,000 in monetary penalties for penalty points accumulated in a calendar quarter; except penalties assessed on a per day basis for failure to correct Taxicab Operator deficiencies shall accumulate without limit for each day that the violation exists.

(c) Payment of a monetary penalty or the serving of a suspension shall constitute a waiver of the right to further appeal of any monetary penalty or suspension to the Board or Superior Court.

(d) Judicial review of an action by the Board levying such monetary penalty or of an action of the Board in denying an appeal, as provided for herein, shall be available only if a petition for a writ of mandate is filed in the Superior Court not later than the 90th day following the date upon which the decision of the Board becomes final, which shall be the expiration of the period during which reconsideration can be sought, provided that if reconsideration is sought, the decision is final for the purposes of this section on the date that reconsideration is rejected.

(e) The total monetary penalty payment is due by the date established by the Board or 30 days after the end of the month in which payment has accrued, whichever comes first. The payment is delinquent if not paid on or before the due date.

(f) A penalty of 10 percent of the amount of the payment shall be assessed on any payment which has become delinquent. Failure to pay any delinquent payment on or before the last day of the fourth month following the date on which the payment first became delinquent will result in the assessment of a second penalty of 10 percent of the amount of the payment in addition to the amount of the payment and the 10 percent penalty first imposed.

(g) In addition to the penalties imposed above, failure to pay any payment required by ordinance or operating permit will result in the assessment of interest charges at the rate of 1-1/2 percent per month, or fraction thereof, on the amount of the payment, exclusive of penalties, from the date on which the payment first became delinquent until it is paid.

Sec. 7. Subsection (b) of Section 71.05 of the Los Angeles Municipal Code Section is amended to read as follows:

(b) A Taxicab Operator shall pay an annual taxicab vehicle permit fee, in the amount specified in Section 71.06.1, for each vehicle put into operation during the calendar year.

Sec. 8. Section 71.12 of the Los Angeles Municipal Code is deleted in its entirety.

Sec. 9. Section 71.13 of the Los Angeles Municipal Code is deleted in its entirety.

Sec. 10. Section 71.16 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 71.16. TAXICAB IDENTIFICATION.

(a) No color scheme, name, monogram, or identification shall be in conflict with or imitate any color scheme, name, monogram or identification used by another Taxicab Operator in such a manner as to be misleading or to tend to confuse or defraud the public.

(b) Each taxicab issued a permit by the Department shall be identified as a City of Los Angeles authorized taxicab by decals or other suitable means as adopted by the Board. Identifying decals shall be provided by the Department for such purpose upon payment of the Taxicab Vehicle Decal fee specified in Section 71.06.1. No person shall identify any vehicle by means of a City of Los Angeles decal, or any facsimile thereof, unless authorized to do so by the Board.

Sec. 11. Subsection (c) of Section 71.18 of the Los Angeles Municipal Code is amended to read as follows:

(c) All existing and future taxicab zones established in the City shall be open to use by all Department permitted Taxicab Operators to operate in the service area of said zone. The Department shall make such conditions as it finds necessary to regulate such joint use of taxicab zones. The Board may, after a public hearing, determine that public interest requires that one or more Taxicab Operators be restricted or prohibited from use of any specific zone.

Sec. 12. Section 71.20 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 71.20. TAXICAB SIGNS.

(a) Every taxicab shall display, in full view of all passengers in the front and rear seats, in letters and figures which are clearly legible and not less than one-quarter inches high the rates to be charged. A taxicab may also display said rates within an app, smartphone, tablet or monitor within the taxicab. The rate display, if not available on an app, tablet or monitor, shall either be of a permanent character or be protected by glass or other suitable transparent material and shall have printed thereon the name under which the owner of said taxicab operates and the business address and telephone number of such owner. For purposes of this section, an "app" shall mean a self-contained program of software application designed to fulfill requests for dispatch services that is downloadable by a user to a computer or mobile device.

(b) Every taxicab shall have lettered upon the sides of said taxicab the name under which the owner thereof operates together with the telephone number or other company contact information, including website, mobile telephone, app, or email address, and the taxicab number of such owner. The number of the taxicab also shall be displayed in such a manner that it is plainly visible from the rear. All of the lettering

mentioned in this subsection shall be of not less than 2 inches in height and not less than 5/16-inch stroke.

Sec. 13. Section 71.22 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

SEC. 71.22. TAXIMETERS.

(a) 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 the device or technology complies with Section 12500.5 of the California Business and Professions Code and with all regulations established pursuant to Section 12107 of the Business and Professions Code. A taximeter equipped in the vehicle shall be of such type and design as has been accepted by the Department of Agriculture, or that is nationally Type Certified, or Type Certified by the State of California. Every owner using any taximeter shall at all times keep such meter accurate as established by order as adopted by the California Department of Agriculture.

(b) Any inspector of the Department of Transportation or peace officer is authorized to remove from service any vehicle equipped with an inaccurate taximeter from the streets until said taximeter shall have been correctly adjusted.

(c) All taxicabs shall base their charges on taximeters at rates established by the Board, and all taximeters shall be placed so that the reading dial showing the amount to be charged shall be well lighted and readily discernible by the passenger riding in such taxicab.

(d) The Board, in accordance with the procedures set forth in the Los Angeles Administrative Code, may, by resolution, establish flat or mileage rates to be charged to points beyond taxicab service areas, said rates to be charged in addition to or in lieu of the amount shown on such taximeter.

(e) If rates are so established by the Board, the per-mile charge shall be conspicuously posted in each taxicab and shall be charged when applicable. Payment of a zone rate, when applicable, shall entitle such passenger to be transported to any location within such zone.

(f) No Taxicab Operator, upon receiving payment of a fare as indicated by the taximeter thereon, or as determined by a zone rate established by the Board shall refuse to give a receipt upon the request of any passenger making said payment.

(g) All taxicab vehicles shall be equipped with a taximeter, software, or mobile device, such as a smartphone, tablet or monitor, which will allow a passenger to be given a total fare amount immediately upon entering the destination into the system. If

a destination is given, the passenger shall be informed of the total fare prior to beginning the trip. This fare shall include the full amount, including time and distance.

Sec. 14. URGENCY CLAUSE. The City Council finds and declares that this ordinance is required for the immediate protection of the public peace, health, and safety for the following reason: National, state, and local emergencies have already been declared in relation to the COVID-19 pandemic. City residents rely on the transportation provided by taxicabs for many essential needs, including grocery shopping and medical appointments. Due to the diversion of the Department of Transportation, City Administrative Officer, and City Attorney staff during the COVID-19 emergency, the draft ordinance amending the Los Angeles Municipal Code to replace the existing taxicab franchises with a permitting system could not be submitted to Council until this month. The taxicab franchises are set to expire on February 28, 2021; therefore, this ordinance must become effective by March 1, 2021 in order to preserve the Department's ability to regulate the taxi industry. The City Council adopts this ordinance to become effective upon publication pursuant to Los Angeles City Charter Section 253.

Sec. 15. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By  _____
MICHAEL D. NAGLE
Deputy City Attorney

Date 2/10/21

File No. 10-0996-S1

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New Taxicab Ordinance RE Permit System 2.10.21.docx

The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles, **by a vote of not less than three-fourths** of all its members.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____