City of Sunnyvale

Agenda Item

15-0102 **Agenda Date:** 1/30/2015

2015 COUNCIL STUDY ISSUE

NUMBER
DPS 15-02

TITLE Car/Ride Share Impacts on Taxicab Franchises and Review of Taxicab Franchise Regulations

BACKGROUND
Lead Department: Public Safety
Support Department(s): Office of the City Attorney

Sponsor(s):
Councilmembers: Griffith, Larsson

History:
1 year ago: N/A
2 years ago: N/A

SCOPE OF THE STUDY
What are the key elements of the study?
This study would compare the profiles of the Sunnyvale taxicab franchises with those of car/rideshare businesses, including the differences, benefits and challenges, and risks; assess the impact of car/rideshare businesses on Sunnyvale taxicab franchise businesses; and review and compare regulatory developments that have taken place in other jurisdictions. This study will also review and compare the City's current taxicab franchise requirements with that of neighboring cities and research potential policy options such as the deregulation of taxicab franchises.

What precipitated this study?
Car/ride share businesses have evolved over the past several years. Of the more commonly known businesses, or Transportation Network Company (TNC) services, Uber and Lyft use smartphone applications to receive ride requests and connect passengers with drivers who provide the services in their personal vehicles. The taxicab industry is raising concerns over the increasing popularity of such programs and the negative impacts TNCs are having on their businesses. While the City regulates taxicab franchises per SMC Section 5.36 to ensure reasonable assurance of driver, passenger safety and risk reduction, and a predictable fee structure, the City does not set regulations for TNCs. TNCs are regulated at the State level by the Public Utilities Commission (PUC).

Mayor Griffith, when sponsoring the study, indicated that he has heard feedback from local franchise taxi operators with concerns that their businesses are being impacted by car sharing services such as Uber and Lyft. Additionally, in a recent meeting Mayor Griffith had with taxicab franchise owners, they indicated that the City's requirements are much more rigorous than other cities and those the PUC places on TNCs, therefore potentially deterring taxicab drivers from continuing operation in

Sunnyvale.

Planned Completion Year: 2015

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost): Minor

Amount of funding above current budget required: $25,000

Funding Source: Will seek grant funding. If grant funding is unavailable, will seek a budget supplement.

Explanation of Cost:
Due to current staff vacancies in the Department of Public Safety, the process would require the assistance of a consultant experienced in conducting such studies. There could also be additional staff costs associated with managing the study, conducting additional research, and presenting the final Report to Council.

Cost to Implement Study Results

Unknown. Study would include assessment of potential costs.

EXPECTED PARTICIPATION IN THE PROCESS

Council-approved work plan: No
Council Study Session: No
Reviewed by Boards/Commissions: No

STAFF RECOMMENDATION

Position: Support

Explanation: The popularity and number of TNCs will likely increase over time. In anticipation of its continued growth, this study would help to determine if and how the City's current taxicab franchise regulations are impacting taxicab franchise owners' abilities to remain competitive and potentially deterring interest in continuing operations in Sunnyvale.

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