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May 1, 2018

Mr. Dennis Wilberg
City Manager
City of Mission Viejo
200 Civic Center
Mission Viejo, CA 92691

Dear Mr. Wilberg:

The Orange County Transportation Authority (OCTA) currently administers the Orange County Taxi Administration Program (OCTAP) on behalf of the Orange County cities and the County of Orange. OCTA has been informed that the City of Mission Viejo (Mission Viejo) desires to voluntarily withdraw from OCTAP. Please find this letter as formal notification that OCTA will no longer administer OCTAP on behalf of Mission Viejo, effective immediately.

As you know, OCTAP was created in 1998 to consolidate the licensing, application, and administrative functions to assist the Orange County cities and the County of Orange in meeting their requirements set forth in Government Code Section 53075.5 and Vehicle Code Section 21100, et seq. At that time, OCTA was selected by the Orange County cities and the County of Orange (the "member agencies") to provide the staff and administrative services necessary to permit taxicabs that operate throughout Orange County. OCTAP was designed to be funded solely through license and permit fees from taxicab companies, drivers, and vehicles. OCTA entered into interagency agreements with each member agency, including Mission Viejo, for the administration of OCTAP. Each member agency has adopted and continues to enforce the OCTAP Regulations in its respective jurisdiction.

The funding model was sufficient to cover OCTAP's and OCTA's administrative costs and to maintain a reserve of funds until Transportation Network Companies, such as Uber and Lyft, entered into the market. The OCTAP Regulations require OCTA to provide 12 months written notice prior to withdrawing from OCTAP. In June of 2016, OCTA sent a letter to all member agencies providing notice that the current fee structure is no longer sustainable and, therefore, OCTA would be terminating the agreements and withdrawing from OCTAP as the administrative agency effective July 1, 2017, absent a viable solution acceptable by all parties. OCTA has been working with the Orange County City Managers Association (OCCMA) since March of 2016 to identify both long-and short-term solutions to the financial sustainability challenges of OCTAP. The OCCMA recommended

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that the member agencies cover the cost of OCTA's administration of OCTAP through calendar year 2018.

OCTA agreed to continue the administration of OCTAP on the condition that OCTA would be reimbursed by each member agency for its continued costs of administration. OCTA sent invoices and funding agreements to each member agency in September of 2017 for administrative services for the period January 1, 2018 through June 30, 2018. To date, OCTA has not received any payment from Mission Viejo.

OCTA was recently notified that Mission Viejo is voluntarily withdrawing from OCTAP. As you are aware, Government Code Section 53075.5 requires every city and county, including Mission Viejo, to regulate taxicab transportation service within its jurisdiction including, at a minimum, a policy for entry into the business of providing taxicab transportation service, establishment of registration rates, and a mandatory controlled substance and alcohol testing certification program. Effective immediately and at the request of the city, OCTA will no longer provide permitting or other administration services on behalf of Mission Viejo, and an OCTAP permit will no longer be valid within Mission Viejo's jurisdiction.

If you have any questions on this matter please contact Dave Simpson, OCTA Government Relations, at (714) 560-5570 or Dsimpson@octa.net.

Sincerely,



Kenneth Phipps
Deputy Chief Executive Officer

KP:ct

c: OCTA Board of Directors
Mr. Dave Kiff, President, Orange County City Manager Association