



May 10, 2018

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Taxi Administration Program Update

Overview

The Orange County Transportation Authority continues to work with the Orange County City Managers Association and Orange County taxi industry stakeholders on the future of the Orange County Taxi Administration Program. With the passage of taxi regulation legislation AB 1069 (Chapter 753, Statutes of 2017), the Orange County Taxi Administration Program, as it exists today, cannot continue. It is prudent to commence plans to cease Orange County Transportation Authority administration of the Orange County Taxi Administration Program effective January 1, 2019.

Recommendation

Pursuant to AB 1069 (Chapter 753, Statutes of 2017), direct staff to make decisions needed to cease Orange County Transportation Authority administration of the Orange County Taxi Administration Program effective January 1, 2019 and communicate this action to Orange County Taxi Administration Program members.

Background

The Orange County Transportation Authority (OCTA) administers the Orange County Taxi Administration Program (OCTAP) on behalf of Orange County cities and the County of Orange. OCTAP was created in 1998 to consolidate the licensing, application, and administrative functions to assist the cities and the County of Orange (member agencies) in meeting their requirements set forth in Government Code Section 53075.5 and Vehicle Code Section 21100, *et seq.* At that time, OCTA was asked by member agencies to provide staff and administrative services necessary to permit taxi companies and drivers that operate in Orange County. OCTA and the member agencies entered into interagency agreements, and each agency has adopted and enforced OCTAP regulations in their respective jurisdictions.

Since its inception, OCTAP was designed to be funded entirely through permit and license fees. With the arrival of Transportation Network Companies, such as Uber, Lyft, and others, the marketplace has greatly reduced the number of taxi permits in the county, which, in turn, has reduced revenues and thereby created a financially unsustainable condition for OCTAP as currently funded.

Since March 2016, OCTA has been working with the Orange County City Managers Association (OCCMA) to identify long- and short-term solutions to the financial sustainability challenges. In June 2016, OCTA provided one-year notice, pursuant to the interagency agreements, that OCTA only had sufficient funds to continue administering OCTAP through June 2017 and would, thereafter, be required to withdraw as the administrator.

Given that costs to administer OCTAP exceeded revenues, in May 2017, OCCMA recommended that member agencies cover the costs of OCTAP administration. All member agencies were invoiced in September 2017 for a six-month period between January 1, 2018 and June 30, 2018, and to date all agencies except one have paid. A second invoice covering July 1, 2018 through December 31, 2018 is expected to be sent to member agencies in July.

OCTA staff was recently informed that the City of Mission Viejo (Mission Viejo) is voluntarily withdrawing from OCTAP and has not contributed to costs for administration. OCTA has sent Mission Viejo a letter (Attachment A) formally notifying them that they are no longer members of OCTAP and are required by law to regulate taxicabs within their jurisdiction. This means that an OCTAP permit is no longer valid in Mission Viejo effective the date the city received the letter.

Given that Mission Viejo will not be covering their portion of administration costs, these cost will be spread among the balance of OCTAP member agencies. An estimated cost allocation by agency is attached (Attachment B). The OCTAP Steering Committee and OCCMA have been updated on this cost allocation.

Discussion

With the passage of taxi regulation legislation (AB 1069), OCTAP, as it exists today, cannot continue. As stated previously, all cities and the county are currently required by Government Code to regulate taxicabs. Under AB 1069, however, only those certain cities and counties where taxicabs are “substantially located” are permitted to regulate taxicabs, unless the cities enter into a joint powers authority or enter into an agreement with a transit agency for the purpose of administering or regulating taxicabs. While OCTA continues to help facilitate discussions on the future of OCTAP, the final determination of how taxicabs will be regulated is up to member agencies to decide. Under AB 1069, OCTA,

another agency, or joint powers authority could administer OCTAP. Should OCTA be requested to administer OCTAP beyond December 2018, staff would bring that decision to the OCTA Board of Directors for consideration.

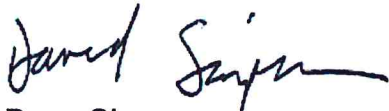
At the May 2, 2018 OCCMA meeting, it was announced that OCTA administration of OCTAP would cease effective December 31, 2018. OCCMA is expected to meet and discuss this matter in June that may lead to further determinations on this issue. Staff will provide updates as appropriate.

Summary

OCTA will no longer continue as the administrator of OCTAP effective January 1, 2019 pursuant to AB 1069. It is prudent that OCTA now commence plans to wind down OCTAP operations and make staffing and facility use determinations accordingly.

Attachments

- A. Letter from Kenneth Phipps, Deputy Chief Executive Officer, Orange County Transportation Authority, to Dennis Wilberg, City Manager, City of Mission Viejo, dated May 1, 2018, re: Termination Letter
- B. Estimated Cost Allocation for OCTAP, July 2018 - December 2018

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