




**March 4, 2019**

**To:** Executive Committee

**From:** Darrell E. Johnson, Chief Executive Officer 

**Subject:** Orange County Taxi Administration Program Permit Fees

### **Overview**

In October of 2018, the Orange County Transportation Authority Board of Directors directed staff to establish a cooperative agreement with Orange County cities and the County of Orange for the administration of the Orange County Taxi Administration Program from January 1, 2019 through December 31, 2020. In order to administer the Orange County Taxi Administration Program, the Orange County Transportation Authority must set fees to cover the costs of administration of the program, in accordance with Government Code section 53075.5. The fee structure was recently reviewed and recommended for approval to the Orange County Transportation Authority Board of Directors by the Orange County Taxi Administration Program Steering Committee.

### **Recommendation**

Approve the Orange County Taxi Administration Program Permit Fee Structure as recommended by the Orange County Taxi Administration Steering Committee.

### **Background**

The Orange County Transportation Authority (OCTA) has administered the Orange County Taxi Administration Program (OCTAP) on behalf of Orange County cities and the County of Orange since 1998. At that time, OCTAP was created 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.*

With Governor Brown's signing of taxi regulation legislation AB 1069 (Chapter 753, Statutes of 2017) in October 2017, OCTAP, as it previously

existed, could not continue. Per OCTA Board of Directors (Board) direction, new agreements with OCTAP member agencies were executed, and OCTA has agreed to continue to administer OCTAP beginning January 1, 2019, for an initial term of two years, through December 31, 2020.

Since its inception, OCTAP was designed to be funded entirely through permit and license fees collected from taxi operators and drivers. With the arrival of transportation network companies (TNC), 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. Following discussion with the Orange County City Manager's Association (OCCMA), it was determined that contributions from the member agencies would be required for OCTA to continue to administer OCTAP. Due to the continued decline of taxicab permits, the permit fees alone are not sufficient to cover all costs of administration without drastic increase and, therefore, external contributions from the member agencies are required. The estimated costs for all member agencies were agreed upon using a population-based cost sharing model.

A new OCTAP structure has been established, including the formation of the OCTAP Steering Committee which was established by the OCCMA. At its February 5, 2019 meeting, the OCTAP Steering Committee approved new bylaws, adopted new (and reduced) taxi regulations, a fine schedule, and metered rates, and considered OCTAP permit fees for OCTA Board consideration. The committee unanimously approved all items, including recommending the proposed permit fees to the OCTA Board.

### ***Discussion***

California Government Code section 53075.5 authorizes local jurisdictions to levy service charges, fees, or assessments in an amount sufficient to pay for the costs of carrying out the regulation of taxicabs within their jurisdiction. Orange County cities and the County of Orange have elected to regulate taxicabs within their jurisdictions through OCTAP with the intent of OCTA recovering all costs of managing the program through taxicab permit fees. These member agencies also desire to assist the taxi industry in Orange County by leveling the regulatory playing field between taxis and TNCs.

With these goals in mind, OCTA conducted an internal analysis of OCTAP's permit fee structure. As part of the analysis, all revenues and expenses were thoroughly reviewed to identify opportunities to further reduce costs while ensuring the program is solvent over a two-year period. The analysis concluded that, with the member agencies' contributions, no changes to the current annual

fee structure related to company fees and driver fees were required at this time. However, based on the reduced amount of time required to perform vehicle inspections due to changes in the legislation, it is recommended that the annual vehicle fee be reduced by approximately 32 percent, or from \$469 to \$319.50. Attachment A provides the OCTAP permit fee structure.

All permits will be issued for a two-year period, until December 2020, in accordance with the cooperative agreement.

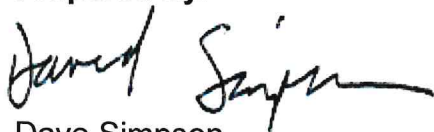
***Summary***

In October of 2018, the Board of Directors' directed staff to establish cooperative agreements with Orange County cities and the County of Orange for the administration of the Orange County Taxi Administration Program from January 1, 2019 through December 31, 2020. In order to administer Orange County Taxi Administration Program, the Orange County Transportation Authority must set fees to cover the costs of administration of OCTAP.

***Attachments***

A. Orange County Taxi Administration Program Pricing Structure

**Prepared by:**



Dave Simpson  
Manager, Regional Initiatives  
External Affairs  
(714) 560-5570

**Approved by:**



Lance M. Larson  
Executive Director,  
External Affairs  
(714) 560-5908