



# Information Item

**Date: January 22, 2014**

To: Mayor and City Council  
From: Gigi Decavalles-Hughes, Director of Finance  
Subject: Pedicab Program Update

## **Introduction**

This report provides an update on the Pedicab regulations adopted by the Council at its [April 23, 2013](#) meeting.

## **Background**

At its [October 2, 2012](#) meeting, a study session was held with Council. At the meeting, Council directed staff to return with an ordinance establishing pedicab regulations, consistent with State law, that would require drivers and operators to obtain permits, require insurance, and establish vehicle standards and regulations to address safety. At its [April 23, 2013](#) meeting, Council adopted the pedicab regulations proposed by staff and directed staff to provide a six month status report.

## **Discussion**

### Current Permits

The Pedicab regulations adopted by Council became effective May 23, 2013. The first pedicab operator permit was issued on July 18, 2013 and pedicabs began operating in Santa Monica on the same day.

The following table provides a breakdown of the pedicab operator permit applications received, the status of the permit, and the number of drivers and vehicles currently permitted for each company as of December 31, 2013.

Firm Name	Application Date	Operator Permit Status	Drivers* (Driver-Employees)	Pedicab Vehicles Permitted
Awesome Pedicab	7/8/2013	Active	3 (2)	3
LA Bike Taxi LLC	6/26/2013	Active	8 (2)	3
Los Angeles Pedicab Company**	7/13/2013	Active	2 (1)	1
Pedicab-It	8/22/2013	Active	5 (2)	4
Santa Monica Bike Taxi	7/13/2013	Active	8 (2)	17
Santa Monica Pedicab	7/5/2013	Active	24 (0)	10
Trixi LLC	8/5/2013	Active	6 (1)	2
Beach Barcycle	9/31/2013	Incomplete	0	0
<b>TOTALS</b>			<b>56 (10)</b>	<b>40</b>

\* The number in parentheses is the number of drivers that are bona fide "employees" of the company out of the total number of drivers, as opposed to "independent contractors". Drivers who are independent contractors lease their pedicabs and are also required to obtain a business license. Employee drivers are typically the owner and/or manager of the company.

\*\* Trike Pilots, the company that filed its original application that prompted a review of pedicab regulations, operates in Santa Monica under the name "Los Angeles Pedicab Company".

Since the new regulations did not take effect until late in FY 2012-13 all pedicab operator, driver, and vehicle permits issued are for FY 2013-14; no operator, vehicle, or driver permits have been denied to date.

Most pedicab operator permit applications were received before or shortly after the regulations were adopted. Staff does not expect the number of operator and vehicle permits to change materially from the totals provided above for the remainder of the fiscal year. The renewal rate and entrance of new companies for FY 2014-15 will be used to project growth.

Prior to the effective date of the pedicab regulations, five companies (Pedal4U Inc., Bay City Pedi-Taxi-Tour, VIP Pedicab, Epedicab, and Gordon Walker Services) submitted business license applications, but never completed the pedicab permitting process even after being contacted by staff of the additional requirements. Their applications have been withdrawn administratively.

## Fares

The fares that are being charged by pedicab operators vary between operators. Rates are not set by the City. Companies are only required to file with the City the rates they intend to charge, and then post and honor these rates. The following chart provides the fares that pedicab operators have filed with the Finance Department.

Firm Name	Fares	
Awesome Pedicab	\$10 Minimum \$1 per person per block  \$20 per Mile / 1 person \$5 per Mile / each additional person	<u><b>½ Hour Tour</b></u> \$25 – 1 person \$30 2 people \$35 – 3 people  <u><b>1 Hour Tour</b></u> \$45 – 1 person \$50 – 2 people \$65 – 3 people
LA Bike Taxi LLC	\$10 Minimum \$2.00 per block per person Tours start at \$20 per person	
Beach Barcycle <i>(not currently operating)</i>	Monday-Wednesday: \$350/ 2-hour tour Thursday-Sunday: \$395 / 2-hour tour	
Los Angeles Pedicab Company	\$2.50 first mile per person \$1.50 each additional mile per person \$30.00 per hour for wait time	
Pedicab-It	\$1.00 per block per person 30 minute tour/\$30 per person 45 minute tour/\$45 per person 60 minute tour/ \$50 per person	
Santa Monica Bike Taxi	\$5 per person “short rides” \$10 per person “long rides”	
Santa Monica Pedicab	“Pay as you please” model. Rates are negotiated and/or tip only.	
Trixxi LLC	\$5.00 base, plus \$2.00 per block (not based on the number of passengers)	

## Rules

The pedicab ordinance authorizes the City Manager or designee to establish rules and regulations that may include, but are not limited to, provisions governing pedicab service and safety; pedicab vehicle equipment standards; conditions and qualifications of applicants for operator permits, driver permits, and pedicab decals; and the responsibilities of pedicab operators and drivers. A copy of the proposed rules was included with the staff report presented to Council at its [April 9, 2013](#) meeting.

On May 24, 2013 the City Manager designated David Martin, Director of Planning and Community Development, with the authority to adopt rules and regulations to implement the pedicab regulations. On May 28, 2013, Mr. Martin adopted the rules that had been presented to Council, which were subsequently filed with the City Clerk.

Although not included as part of the pedicab ordinance, the rules established bicycle safety training requirements for all pedicab driver permit applicants. This requirement was implemented in direct response to a request by Santa Monica SPOKE, the local chapter of the Los Angeles County Bicycle Coalition. All drivers are required to complete the League of American Bicyclists Traffic Skills 101 Bicycle Safety (TS101).

The League developed this training program and provides the class through local trainers. Santa Monica SPOKE was instrumental in establishing this requirement and conducted the first training class on July 9, 2013 for 6 drivers. However, a driver may receive training from any League of American Bicyclists trainer offering the Traffic Skills 101 Bicycle Safety training class. As of this report, Santa Monica SPOKE, Los Angeles County Bicycle Coalition, and Sustainable Streets – Santa Monica Bike Center provide training locally that meets the Santa Monica pedicab driver permit requirements.

## Beach Barcycle

On June 7, 2013, Side Projects Events (dba “Beach Barcycle”) was notified of the new pedicab regulations, and that its vehicle met the definition of a pedicab as defined by State law. Beach Barcycle disputed the department’s determination. The Finance

Department informed Beach Barcycle in a letter dated July 17, 2013 that it would not issue the company its FY 2013-14 business license until it complied with the pedicab regulations. Beach Barcycle ultimately appealed the Finance Department's decision to not issue a business license under Section 6.16.010 of the Santa Monica Municipal Code (SMMC), claiming that Beach Barcycle was not subject to the pedicab regulations.

A hearing was held on August 21, 2013. The Hearing Examiner issued his decision on September 18, 2013 affirming that the department's decision to not renew its business license was valid and that Beach Barcycle must comply with the pedicab regulations. Beach Barcycle informed the Department that it would comply with the pedicab regulations and obtain the necessary permits, and has submitted an application; however, as of this report the company has not met the insurance requirements and has not submitted its vehicle for inspection. Also, no driver permit applications have been received from Beach Barcycle. The company has not been issued a business license or pedicab operator's permit, and may not legally operate in the City until it has been issued the necessary licenses and permits.

It is important to note that Beach Barcycle was notified of the proposed regulations prior to attending the April 23, 2013 Council meeting. A representative of the company spoke at the meeting and requested that it not be subject to the regulations. This request was not supported by staff as it would have negatively impacted public safety. The Council ultimately denied this request.

### Operations

In Santa Monica, as in other cities, customers have been using pedicab services primarily as a form of entertainment, rather than as a bona fide mode of transportation to travel to a destination. This has made them popular in already congested areas, such as the entrance to the Pier, the 3<sup>rd</sup> Street Promenade, and Main Street, particularly during the evening hours.

Shortly after pedicabs began operating, staff received complaints from Downtown Santa Monica, Inc. concerning drivers walking pedicabs on the 3<sup>rd</sup> Street Promenade while soliciting customers, a practice that is prohibited. The Downtown Service Officers have worked with pedicab drivers to correct the issue by directing drivers to park in areas with less impact to solicit customers. Finance staff has also worked directly with the relevant operator. Drivers have generally been cooperative.

There have been two reports from City staff of pedicabs operating on the beach bike path, which is a direct violation of the SMMC. However, the Police Department has not reported observing pedicabs operating on the beach bike path. The Police Department will continue to monitor for pedicabs in their normal course of patrolling.

Pedicabs have been seen parking in taxicab stands, red zones, and other areas that are not allowed. Currently no parking areas (aka staging areas or stands with appropriate signage) have been designated by the City Traffic Engineer where a driver can wait for a fare. There are currently no plans to add any parking areas for pedicabs.

The Police Department and the Code Compliance Division are responsible for the enforcement of the pedicab regulations and rules. Since pedicabs operate on public streets, relevant sections of the California Vehicle Code (i.e. "Rules of the Road") are enforced by the Police Department. Enforcement to date has been primarily complaint driven, or when an issue is observed directly by an officer in the normal course of his or her duties. Although each pedicab company is required to post the number for Code Compliance in each pedicab, no official customer service complaints have been filed by the public; customer service complaints have only been received from City staff and officials. Discourteous behavior on the part of drivers has been experienced by City employees and officials; these issues have been addressed by staff directly with the drivers and companies.

Two specific enforcement efforts for pedicab regulations, including random spot checks and direct observations of pedicab operations, have been carried out by Code

Compliance. The first effort was conducted in the evening hours of Friday, December 6, 2013. During this effort, three pedicabs were inspected without prior notice while operating to ensure that the pedicab drivers had the necessary permits and that safety equipment operated properly (e.g. lights and blinkers). No citations, related to permits and safety equipment, were issued as a result of these inspections. This effort did, however, result in two pedicab drivers being issued administrative citations for safety violations while operating. A second effort was conducted on December 14, 2013. Six pedicab vehicles were inspected without prior notice while operating, with no violations being issued.

### Budget

In the staff report presented to Council at its [April 9, 2013](#) meeting, staff forecasted new revenue from the program. The following graph provides the amounts forecasted and the actual revenues reflected in FY 2013-14 as of December 31, 2013.

<b>Account Number</b>	<b>Description</b>	<b>Financial Impact &amp; Budget Actions</b>	<b>2013-14 Actuals</b>	<b>Difference</b>
01274.400190	Business License Tax	\$ 150	\$ 3,150	\$ 3,000
01224.408470	Pedicab Operator Permit	\$ 390	\$ 1,512	\$ 1,122
01224.408471	Pedicab Vehicle Permit	\$ 510	\$ 4,480	\$ 3,970
01224.408472	Pedicab Driver Permit	\$1,900	\$ 5,287	\$ 3,387
	<b>Total</b>	<b>\$2,950</b>	<b>\$14,429</b>	<b>\$11,479</b>

The difference in revenue is due to the larger than expected number of pedicab operator, driver, and vehicle applications. Although some pedicab operators applied for business licenses to operate prior to the regulations being adopted, licenses were not issued until after regulations could be considered by Council; the revenue from these business license fees are reflected in FY 2012-13.

### Conclusion

The initial interest by Pedicab companies to operate in Santa Monica has been strong. In general, the drivers have begun to integrate without significant disruption, although

continual education on the rules and regulations will be essential to compliance. The FY 2014-15 renewal period, which will take place around June of 2014, should provide important information on whether pedicab operators are able to generate enough revenue to create a viable business and project growth of the industry in Santa Monica.

Currently, the primary purpose of the regulations is to mitigate safety issues to the riding public. Pedicab companies are treated as any other private business when it comes to customer service standards. However, staff will continue to monitor the need to establish customer service standards as part of the regulations.

A more routine enforcement of the pedicab regulations may be needed to mitigate potential safety issues, particularly to ensure that safety equipment operates properly, and to discourage drivers from operating pedicabs until customers are constrained by a seatbelt. The main obstacle to such targeted enforcement is dedicating resources, which need to occur on the weekend and late evening hours. The Finance Department is working with the Code Compliance Division to increase this type of targeted pedicab enforcement through spot checking of vehicle safety equipment (e.g. lights, seatbelts) and to ensure that the vehicles and drivers have the required permits.

Staff does not currently plan to bring forward any changes to the existing regulations at this time. The program is still new and the market is still making adjustments. Should it become necessary, staff is prepared to implement additional rules and/or seek additional authority from the Council.

**Prepared By:** Salvador M. Valles, Business & Revenue Operations Manager