



# CITY OF SACRAMENTO

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CITY MANAGER'S OFFICE  
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## DEPARTMENT OF FINANCE

915 I STREET  
ROOM 112

SACRAMENTO, CALIFORNIA 95814  
TELEPHONE (916) 449-5736

JACK R. CRIST  
DIRECTOR OF FINANCE  
FRANK MUGARTEGUI  
ASSISTANT DIRECTOR

November 18, 1980

City Council  
Sacramento, California

Honorable Members in Session:

SUBJECT: SPECIAL TAXICAB RATES FOR SENIOR CITIZENS, BLIND, AND DISABLED PERSONS

### SUMMARY

A Citizen's request of Sacramento County Board of Supervisors for consideration of special taxicab rates for senior citizens has been forwarded to City Council by the Clerk of the Board, October 10, 1980 (attached).

### BACKGROUND

Section 42.55-1 "Adjustments to Taxicab Rates" of the City Code provides that taxicab rate changes shall not be granted more than once each calendar year. The most recent taxicab rate increase was granted on April 15, 1980, therefore staff will not begin considering any changes in fares until February or March of 1981.

In the meantime, staff is surveying cities throughout California to determine whether they are providing special rates for senior citizens, blind, and disabled person; and if so, how are the special rates handled and funded.

The taxi industry supports the notion of special taxicab rates for senior citizens, blind, and disabled persons providing they (the industry) are subsidized to allow them to make a reasonable return on their investment.

### FISCAL IMPACT

Not determinable at this time.

### CONCLUSION AND RECOMMENDATION

Staff will gather all data currently available on the subject, determine alternatives available for financing any type of rate reduction that may

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CITY CLERK

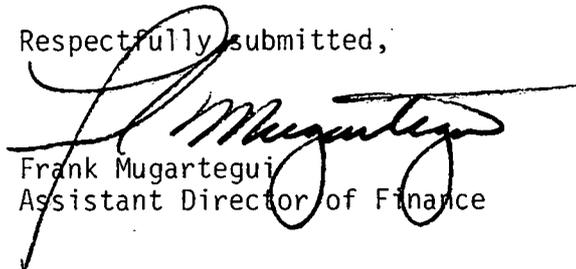
City Council  
Special Taxicab Rates for Senior Citizens,  
Blind, and Disabled Persons

Page 2  
11/18/80

granted, meet and discuss findings with local taxi industry, and return to the City Council with a recommendation.

No Council action is required at this time.

Respectfully submitted,



Frank Mugartegui  
Assistant Director of Finance

FOR COUNCIL INFORMATION ONLY:



Walter J. Slipe  
City Manager

All Districts  
November 25, 1980

Enclosure

cc: Kneeland H. Lobner, Attorney (717 - 20th Street)  
Betty D. Poohar, Clerk, Board of Supervisors  
Joseph DeFoe

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**BOARD OF SUPERVISORS  
COUNTY OF SACRAMENTO**

SUITE 2450 / COUNTY ADMINISTRATION BUILDING  
700 H STREET / SACRAMENTO, CALIFORNIA 95814/440-5411

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MEMBERS OF THE BOARD  
JOSEPH E. (TED) SHEEDY  
ILLA COLLIN  
SANDRA SMOLEY  
FRED G. WADE  
C. TOBIAS (TOBY) JOHNSON

BETTY D. POOHAR  
CLERK,  
BOARD OF SUPERVISORS  
CITY MANAGER'S OFFICE

October 10, 1980

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*WTS  
What now  
Phil*

City Council  
City of Sacramento  
915 I Street  
Sacramento, CA 95814

**COUNCIL MEMBERS IN SESSION:**

On June 17, 1980, Joseph DeFoe addressed the Sacramento County Board of Supervisors requesting consideration of special taxicab rates for senior citizens. The Board asked the County Counsel to report back as to the legality of differential rates for senior citizens, blind and disabled persons.

On August 26, 1980 the County Counsel presented an opinion to the Board, a copy of which is attached. The Board continued the matter to October 9, 1980 at the request of Kneeland Lobner, attorney for the taxicab companies.

On October 9, 1980 Kneeland Lobner addressed the Board and the Board took the following action:

Moved by Supervisor Wade "the Board of Supervisors will remain with its traditional roll of deferring to the City of Sacramento as the lead agency in setting of taxicab fares, including potential reduced rates for senior citizens once identified as being needy", seconded by Supervisor Johnson.

Sincerely,

*Betty D. Poohar*  
BETTY D. POOHAR, Clerk  
Board of Supervisors

BDP:kr

cc: County Counsel



# COUNTY OF SACRAMENTO

## THE COUNTY COUNSEL

700 H STREET, SUITE 2650  
SACRAMENTO, CALIFORNIA 95814  
PHONE (916) 440-5544

### DEPUTY COUNTY COUNSELS

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WILLIAM H. FOWLER  
JOSEPH M. TAILLEFER  
J. STEVEN BURRIS  
LAWRENCE A. JONES  
ELAINE P. DIPIETRO  
MELVYN W. PRICE  
MANUEL E. LOPES  
LILLY C. FRAWLEY  
FRANK M. GARCIA  
MARGARET L. HAGERTY  
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FRED G. WILLIAMS  
Assistant County Counsel

THOMAS A. DARLING  
ROBERT S. WILLETT  
ROBERT L. PLEINES  
Supervising Deputy  
County Counsels

August 22, 1980

Chairperson and Members  
Board of Supervisors  
700 H Street  
Sacramento, CA 95814

Re: Reduced Taxi Cab Fares For Senior Citizens  
Agenda - August 26, 1980 - Item No. 43

Members in Session:

After a presentation by Mr. Joseph DeFoe on June 17, 1980, you referred to this office the question of whether the Board of Supervisors may lawfully require taxicab services to provide reduced fares for senior citizens.

This matter has been placed upon the Board's agenda for August 26, 1980, for consideration of this opinion.

### OPINION

It is the opinion of this Office that the Board of Supervisors is legally empowered to regulate fares charged by taxicab services in such a manner as to require reduced rates for senior citizens. It is further the opinion of this Office that such a regulation may not lawfully be imposed in such a manner as to result in an overall rate structure which deprives taxicab services of a return sufficient to permit these enterprises to perform their transportation functions completely and efficiently.

The Board of Supervisors has traditionally deferred to the City of Sacramento as the lead agency in setting taxicab fares. Therefore, the Board may desire to refer this issue to the City Council of Sacramento, before taking any action.

If the Board desires to implement a reduced fare for senior citizens, it is recommended that the matter be referred jointly to the City Manager and County Executive for review and recommendation concerning the extent to which fares might be reduced for senior citizens, the mechanics thereof, the impact of such reductions upon the income and expenses of taxicab services, and the extent to which such reduced rates would require increases in the general rates in order to maintain an overall rate structure which is reasonable.

#### ANALYSIS

On April 29, 1980, the Board of Supervisors enacted an emergency ordinance which increased the taxicab rates prescribed by Section 5.08.400 of the Sacramento County Code. The ordinance was adopted pursuant to similar lead action undertaken by the City of Sacramento pursuant to a study of the pre-existing rate structure showing that the 23.1% increase in rates effected by the emergency ordinance was made necessary by operating cost increases since the last rate adjustment in 1976.

The rates prescribed by the county are now and have traditionally been uniform for all passengers, regardless of what special characteristics a passenger may possess. The proposal to reduce fares for the elderly apparently envisions a prescribed discount rate for persons above a certain age, a system of tokens or passes under which reduced fares might be obtained, or some similar mechanism by which a dual rate would effectively be prescribed based upon a criteria of age.

Taxicab operators are common carriers which, because of the absence of state regulation, are subject to regulation by cities and counties. In Re Martinez (1943) 22 Cal.2d 259; People vs. San Francisco (1979) 92 Cal.App.3d 913. Rate regulation is permissible in fulfillment of the local police power authority to regulate taxicabs for the purpose of insuring efficiency and safety of operation. In Re Martinez (1943) 22 Cal.2d 259, 262-263.

No authority has been found which prohibits the establishment of variable rates based upon reasonable classifications of either service or patronage.

Public utility regulations (not applicable to taxicab services) authorize utilities to provide discount rates to a variety of different types of customers, such as officers and employees, ministers, and the indigent. (Pub.Util.C, Sac. 521 et seq). However, there are two aspects of these public utility regulations which differ from the proposal before the Board of Supervisors.

Chairperson and Members  
Board of Supervisors  
August 22, 1980  
Page 3

The first is that the public utility regulations are permissive. That is -- the utility is statutorily authorized to voluntarily provide reduced rates to special classes of clientele, not required by law to do so. The proposal before the Board would mandate reduced fares. The second differentiating characteristic is that none of the classes of persons identified by the public utility regulations are "elderly" or above a certain age, per se. The regulations do authorize reduced rates for "indigent, destitute, and homeless persons. . ." (Pub.Util.C., Sac., 523(f)). Age, however, is not a criteria.

It has been held that "age" is not a suspect classification, and that the imposition by law of special benefits and restrictions upon the elderly and youth will be upheld if there is a rational basis for the classification established. Mass. Bd. of Retirement vs. Murgia (1976) 427 U.S. 307; 13 Cal.Jur. 3d, Const.Law, Sac. 328. It is our opinion that it is likely that the courts would uphold as reasonable a local regulation prescribing reduced fares for persons above a certain age, against claims that such a classification violates the "equal protections" clauses of the United States and California Constitutions.

When the rate regulating authority of a local legislative body is exercised under a contractual reservation, the courts have held that the legislative body is vested with unfettered discretion concerning the level of rates authorized, subject only to such limitations as may appear in the contract. Orange County Cable Com. Co. vs. City of San Clemente (1976) 59 Cal.App.3d 165; City Council vs. Superior Court (1960) 179 Cal.App.2d 389. When, however, (as here) the authority to regulate rates arises under the police power, as distinguished from contract, rates prescribed by the local legislative body must be "reasonable", and allow a business regulated to maintain "financial integrity, . . . ability to maintain credit and attract capital, and. . . compensate investors for risks assumed. . . ." Birkenfeld vs. City of Berkeley (1976) 17 Cal.3d 129, 168; Pacific Tel. & Tel. Co. vs. Pub. Util. Com. (1965) 62 Cal.2d 634, 647-658; Market St. Ry.Co. vs. Railroad Com. (1944) 24 Cal.2d 378, 397.

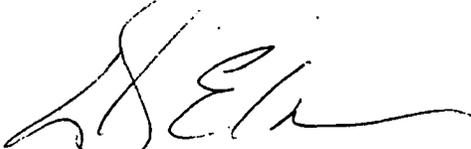
Thus, any policy determination by the Board of Supervisors to impose a reduced fare, will require further analysis of the overall rate structure of the various taxicab services for the purpose of identifying whether other types of fare adjustments will be required in order to insure that the mandated reduced fare is "reasonable." In a memorandum to the Board dated April 29, 1980, the County Executive indicated that he and the City Manager would annually review taxicab fares for the purpose of insuring that prescribed cost of living rate increases are reasonably required in order to guarantee taxicab services adequate operating capital and rate of return. These two

Chairperson and Members  
Board of Supervisors  
August 22, 1980  
Page 4

individuals would be an appropriate committee to analyze whatever overall rate implications a reduced fare for the elderly might generate, and to make recommendations thereon.

Therefore, if the Board does desire as a matter of policy to further explore the establishment of reduced fares for the elderly, it is recommended that the matter be referred to the County Executive for analysis and recommendation concerning specific standards for the reduced fare, mechanics of implementation, income and expense impact, and overall rate limitations.

Very truly yours,



L. B. ELAM  
County Counsel

LBE:nm

cc: Brian Richter  
County Executive

James Jackson  
City Attorney  
Sacramento

Kneeland H. Lobner  
Attorney at Law