

BOARD REPORT  
CITY OF LOS ANGELES  
DEPARTMENT OF TRANSPORTATION

Date: April 18, 2019

To: Board of Taxicab Commissioners

From: Eric Spiegelman, President of the Board of Taxicab Commissioners

Subject: **TENTATIVE APPROVAL OF BOARD ORDER NO. 086 – CREATION OF A PILOT PROGRAM FOR THE AUTHORIZATION OF MOBILE DYNAMIC MESSAGING DISPLAYS FOR THE PURPOSE OF INCREASING TAXI DRIVER REVENUE**

**SUMMARY**

On March 27, 2019, the Transportation Committee of the Los Angeles City Council made two competing recommendations to the full Council. The first, issued by a majority of the committee, called on the Council to create a pilot program allowing taxi drivers to place mobile dynamic messaging displays on their vehicles. The second, a minority report, called on the Council to straight up revoke Rule 415(c) of this Board's Rules and Regulations, a rule that presently allows taxi drivers to place advertising on the rooftops of their vehicles.

This Board previously voted not to repeal Rule 415(c) on its own. This Board conducted a hearing on the potential adoption of mobile dynamic messaging displays, and the Board found many potential benefits to be had from allowing these devices on our taxicabs. The chief benefit among them was the additional revenue a taxi driver might earn from leasing space on their cab to a mobile dynamic messaging display provider.

The Board also identified many potential drawbacks that would necessitate regulatory oversight. Such drawbacks include the potential for advertising screens to muck up the beauty of Los Angeles neighborhoods, concerns over the content of messages displayed on these devices, and the potential for distraction of other drivers.

In the opinion of the Board President, a pilot program would go far to achieve the benefits of mobile dynamic messaging displays while limiting their detriments. Given the possibility of Council voting in favor of a pilot program, and given that certain members of Council are in a relative hurry with respect to this issue, the Board should offer to implement a pilot program under its existing authority to regulate taxicabs in Los Angeles.

The attached Board Order, if adopted, will institute a framework for the regulation of mobile dynamic messaging displays on Los Angeles taxicabs. It will add six rules to our Rules and Regulations:

Proposed Rule 802 allows a taxi company to install a mobile dynamic messaging display on a taxicab if the display complies with the rest of our rules. It sets the initial scope of the pilot program at 750 vehicles, a number this board may expand or constrict depending on how the pilot goes.

Proposed Rule 803 sets the fees that a mobile dynamic messaging display provider must pay to taxi companies and the City of Los Angeles. It also requires taxi companies to ensure that 90% of such fees are paid to taxi drivers.

Proposed Rule 804 allows this Board and the LADOT to set geographic restrictions on where mobile dynamic messaging displays may operate.

Proposed Rule 805 allows this Board and the LADOT to ensure that the content displayed on a mobile dynamic messaging display conforms to community standards.

Proposed Rule 806 requires all mobile dynamic messaging display providers to make regular reports to the LADOT on data collected by the devices.

Proposed Rule 807 requires all mobile dynamic messaging display providers to cooperate with LADOT programs aimed to improve the safety, health and welfare of the people of Los Angeles.

#### **RECOMMENDATION**

That this Board approve the attached Board Order.

EJS

**BOARD ORDER NO. 086**  
**TENTATIVE RESOLUTION OF THE**  
**BOARD OF TAXICAB COMMISSIONERS**  
**CITY OF LOS ANGELES**

**WHEREAS**, the rules of this Board currently allow advertising displays to be installed on the rooftops of taxicabs, but such rules do not sufficiently address all the concerns of contemporary advertising display technology;

**THEREFORE, BE IT RESOLVED**, that the following rules 802, 803, 804, 805, 806 and 807 are hereby added to the Taxicab Rules and Regulations of the Board of Taxicab Commissioners.

802. Mobile Dynamic Messaging Displays, Generally.

- (a) A "mobile dynamic messaging display" is any electronic device placed on a taxicab that displays advertising or other messaging by means of a digital display.
- (b) A mobile dynamic messaging display may only be placed on the roof of a taxicab. No taxicab may install more than one mobile dynamic messaging display.
- (c) A "mobile dynamic messaging display provider" or "MDMD provider" is the owner and/or lessor of one or more a mobile dynamic messaging displays.
- (d) A taxicab franchise, owner or driver may only install a mobile dynamic messaging display owned and/or leased by an MDMD provider who fully complies with the rules and regulations adopted by the Board of Taxicab Commissioners. If an MDMD provider does not fully comply with the rules and regulations adopted by the Board of Taxicab Commissioners, any mobile dynamic messaging display owned and/or leased by such MDMD provider will be removed from a taxicab by order of the Board and/or the Department.
- (e) The number of taxicabs that may have a mobile dynamic messaging display installed thereon is hereby set at 750 (the "MDMD network").

803. Mobile Dynamic Messaging Displays, Fees.

- (a) All fees (including, without limitation, lease payments) paid to a taxicab franchise or owner by an MDMD provider will be freely negotiable between the franchise or owner and the MDMD provider, subject to the requirements of these rules and regulations.

- (1) All fees (including, without limitation, lease payments) owed to a taxicab franchise or owner by an MDMD provider will be paid on a weekly basis.
  - (2) In no event may the weekly fee paid to a taxicab franchise or owner by an MDMD provider be less than \$75 per taxicab.
- (b) All revenue earned by a taxicab franchise and/or owner from an MDMD provider will be divided as follows:
- (1) The taxicab franchise and/or owner will retain 10% of such revenue.
  - (2) The remaining 90% of such revenue (the "driver payment") will be paid by the franchise and/or owner of each taxicab to the driver(s) of each taxicab upon which a mobile dynamic messaging display is installed. Such driver payment will be proportional to number of drivers operating such taxicab in any given week. (For example: if only one driver operates a taxicab in a given week, said driver will receive all of the driver payment; if two drivers operate the same taxicab in a given week, each driver will receive half of the driver payment.)
- (c) Each MDMD provider will pay to the Los Angeles Department of Transportation a fee equal to 2% of the gross revenue earned by the MDMD provider from the mobile dynamic messaging displays in the MDMD network (the "network fee").
- (1) The network fee will be paid on a quarterly basis.
  - (2) Payment of the network fee will be accompanied by an accounting statement subject to the requirements of the Department.
  - (3) The Department may, at the Department's expense, but not more than once annually, audit the applicable records at an MDMD provider's office in order to verify the accounting statements rendered pursuant to these rules and regulations. If any such audit reveals that payments to the Department were under-reported by more than 5%, then the MDMD provider is responsible for the full cost of the audit. An MDMD provider will promptly pay to the Department any amounts due the Department as revealed by such audit.
  - (3) The Department may use the proceeds of the network fee only to effectuate and enforce of the rules and regulations of the Board of Taxicab Commissioners applicable to mobile dynamic messaging displays and MDMD providers.

804. Mobile Dynamic Messaging Displays, Geographic Restrictions.

- (a) A mobile dynamic messaging display may not display any advertising or messaging in geographic areas determined by the Department and/or the Board (the "restricted areas").
- (b) The Department and/or the Board may determine or modify restricted areas at any time by written order, and each MDMD provider will ensure compliance of with each such order within 15 business days of the issuance of each such order.
- (c) Any order issued by the Department and/or Board with respect to the determination or modification of restricted areas will clearly and specifically define the boundaries of the restricted areas.

805. Mobile Dynamic Messaging Displays, Content of Messaging.

- (a) A "public message" is a message or advertisement displayed on a mobile dynamic messaging display at the request of the City of Los Angeles, the Department of Transportation, the Board of Taxicab Commissioners, and/or a 501(c)(3) nonprofit entity.
- (b) A "private message" is a message or advertisement displayed on a mobile dynamic messaging display at the discretion of an MDMD provider (including, without limitation, paid advertising).
- (c) No less than 10% of the total available messaging inventory across all mobile dynamic messaging displays in an MDMD network will be reserved for public messages.
- (d) The process by which each public message will be selected and delivered to each MDMD provider may be determined by the Department and/or the Board.
- (e) No private message may include advertisements for any category of products or services as determined by the Department and/or the Board (the "restricted categories"). The initial restricted categories are as follows: alcohol, tobacco, firearms, and gambling. No private message may include pornographic or indecent material.
- (f) Upon request of the Department and/or the Board, each MDMD provider will develop an "opt-out" system that allows a driver to restrict any private message, to which the driver has a good faith moral and/or religious objection, from being displayed on the mobile dynamic messaging display installed on the taxicab driven by such driver while the driver is operating the taxicab.

- (g) Each MDMD provider will provide to the Department a list of all public messages and private messages displayed throughout the MDMD network during the previous accounting quarter, at such time as the MDMD provider delivers its quarterly accounting statement to the Department.

806. Mobile Dynamic Messaging Displays, Data.

- (a) Each MDMD provider will provide the Los Angeles Department of Transportation with data generated by each mobile dynamic messaging display in the MDMD network (the "MDMD data"), pursuant to these rules and regulations. The type of such data will be determined by the Department and/or the Board. The frequency of the delivery of such data will be determined by the Department and/or the Board.
- (b) Upon request of the Department and/or the Board, each MDMD provider will deliver all MDMD data to the Department by means of an API and/or other automated or digital communications method as determined by the Department.

807. Mobile Dynamic Messaging Displays, Special Services. Upon request of the Department and/or the Board, each MDMD provider will cooperate with the Department and the Board to develop, test and implement programs by which mobile dynamic message displays may contribute to the efficiency of transportation in the City of Los Angeles and the safety, health and welfare of the people of Los Angeles.

I HEREBY CERTIFY THAT the foregoing Tentative Resolution, designated as Board Order No. 086, was adopted by the Board of Taxicab Commissioners at its meeting held on April 18, 2019.

Dated at Los Angeles, California this 18th day of April, 2019.

By Order of the Board

ATTEST

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Barron Lightner, Executive Assistant  
Board of Taxicab Commissioners  
City of Los Angeles