
City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 31, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: RASHAD M. YOUNG, CITY MANAGER

FROM: WILLIAM SCHUYLER, CHAIR,
TAXICAB TASKFORCE

SUBJECT: RECOMMENDATIONS

Background

On behalf of the Taxicab Taskforce I would like to thank City Council for providing the opportunity to review certain designated aspects of the taxi industry. This review comes at a good time with the rollout of several internet-based unregulated single car transportation service providers and the recent changes to the State code. Unfortunately these new internet based services appear to service only certain portions of the market. Left to their own devices these new internet-based service providers have the potential to put many of the regulated taxicab providers out of business, leaving much of the consumer market neglected and unregulated.

Purpose of the Taxicab Task Force

City Council Resolution 2558 created the Taxicab Taskforce to review and make recommendations to City Council on the following three issues:

1. The March 8, 2013 Tenants and Workers United (TWU) proposal to liberalize the taxicab driver transfer process;
2. The Traffic and Parking Board's proposal to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated when the grandfathered certificate holder retires; and,
3. The issue of the operation of cab companies which operate below the Code required dispatch thresholds.

Taxicab Taskforce Members and Representative Groups

1. Jane King, Commission on Aging
2. David Robinson, City of Alexandria Hack Office
3. William Schuyler (Chair), Traffic and Parking Board
4. Spencer Kimball, Company Owner
5. Daniel Berhane, Driver Representative (chose not to participate after 3rd meeting)
6. Paul Smedburg, City Council
7. Roy Shannon, Community Services Board
8. Charles Benagh, Commission on Persons with Disabilities
9. Bob Garbacz, Transportation and Environmental Services

Taskforce Recommendations

The Taxicab Taskforce makes the following recommendations on the above three issues:

Issue #1 - Tenants and Workers United's proposal to liberalize driver transfers:

The Taskforce recommends rejecting the March 8, 2013 Tenants and Workers United (TWU) proposal to liberalize the taxicab driver transfer process.

Issue #2 - The Traffic and Parking Board's proposal to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated when the grandfathered certificate holder retires:

The Taskforce recommends adopting the Traffic and Parking Board's proposal to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated when the grandfathered certificate holder retires.

Issue #3 - The operation of cab companies which operate below the Code required dispatch thresholds:

The Taskforce recommends adopting a pre-2005 type of code which maintains a dispatch requirement but does not allow driver transfers.

Key Findings of the Task Force

After our review, the Task Force agreed on the following key findings:

1. Per the City Attorney Office's analysis, the new State Code amendment mandates that vacancies created by driver's transferring out of a compliant company must be backfilled. Allowing driver transfers to continue will significantly increase the number of taxicabs in the City and negatively affect driver income and increase enforcement difficulty for staff.

2. Based on the premise of the City Attorney Office's analysis, the TWU's proposal will result in significant and uncontrollable increases in the number of taxicabs operating in Alexandria, thus decreasing driver income and increasing the cost to enforce the influx of taxicabs.
3. Alexandria's experience with driver transfers to-date is drivers who wish to transfer will move to companies that primarily serve one portion of the market - the airport.
4. Taxicab companies have been reluctant to invest in consumer service improvements because of the uncertainty created by the driver transfer system.
5. With endless unregulated driver transfers under the new State Code provisions, companies will find it increasingly difficult to ensure reliable dispatch service for the entire consumer taxicab market.
6. TWU's proposal leaves the City vulnerable to new startup companies or unregulated internet-based companies entering the market. From past experience, these companies have focused on the airport or on the higher-end customers and not on the entire Alexandria consumer market.
7. Under the TWU proposal, drivers not meeting the proposal's newly created dispatch requirement **could lose their licenses** for actions that are the responsibility of the taxicab companies.
8. Since the City's Code was changed in 2005 to allow transfers, all of the driver transfers have been into companies that do not meet the City's minimum dispatch requirement. Approximately one-third of all driver transfers have been to a company that has a dispatch rate of 0.02 dispatch trips per day per driver.
9. Allowing significant numbers of driver transfers would make oversight by staff increasingly difficult and could require additional resources to monitor taxicab service to City residents without a corresponding source of revenue to pay for additional enforcement resources.
10. Allowing grandfathered certificates to become permanent is one tool that could be used to assure taxicab company's fleets are sufficient to serve their demand if a large number of grandfathered certificate holders retire simultaneously from the same company.
11. Although this issue was not part of the Taskforce's mandate, the issue of ADA compliance was discussed. Taxicab companies are required to have a minimum number of ADA wheelchair accessible taxis, but the disabled community has expressed concern that getting ADA taxicabs is difficult and the Taskforce felt this should be immediately reviewed by the staff.
12. Because of past events spanning decades, the City of Alexandria has too many taxicabs currently serving the City's consumers.

Task Force Meetings

The Taskforce met a total of six times with the driver representative abandoning the process after the fourth meeting and opting not to participate. TWU became difficult to work with during the third meeting and eventually withdrew their proposal shortly before the fifth meeting. At the third meeting Mr. Liss from TWU became so disruptive that the meeting had to be prematurely adjourned. At the fourth meeting, TWU announced that they had a new proposal

that they wanted the Taskforce to consider rather than their original proposal that was one of the main premises of City Council establishing this Taskforce. At the fifth meeting, TWU staged a walk out with the Taxicab driver representative and, presumably, had Channel 4 News present and then announced that they were no longer going to participate on the Taskforce. Since opting out, TWU has been distributing flyers urging people to contact the Mayor.

The first Taskforce meeting was primarily an introductory meeting to review the Taskforce's charge, elect a chair and have staff provide background on the taxicab industry, including having the Deputy City Attorney explain the City Attorney Office's opinion and analysis of the new State Code provisions and the correlation with City Code. The second meeting was dedicated primarily to TWU's presentation of their proposal and allow for a questions and answers session between the Taskforce members and a representative of TWU. Taskforce members agreed that this session with TWU was very productive. During the third meeting, the Taskforce heard public testimony and on the fourth the Taskforce discussed the public testimony and the TWU proposal. All subsequent meetings were held to deliberate and formulate this proposal to the City Council.

Task Force's Considerations

The Taskforce considered several options shown below:

1. Retain the current taxicab code.
2. Adopt the TWU proposal, which moves the dispatch requirement burden from the taxicab company to the individual driver. Drivers would be able to switch companies' once/year even though some of the companies do not meet the 2 calls/a day/driver dispatch requirement. Also, the number of taxicabs would increase through backfilling, per recent change to State Code and its impact on City Code.
3. Revert to the pre-2005 ordinance which maintains a dispatch requirement but does not allow drivers to transfer between companies and the City determines the size of each company.
4. Adopt a hybrid approach of the above options.

Issue #1 - Tenants and Workers United's proposal to liberalize driver transfers:

The Taskforce recommends rejecting the March 8, 2013 Tenants and Workers United (TWU) proposal to liberalize the taxicab driver transfer process. The Taskforce makes this recommendation based on Findings 1 through 9 and 11 listed above.

Summary of Conclusions

The Taxicab Taskforce concluded that liberalizing the driver transfers would exacerbate two problems the City has struggled with for many years. First, adopting TWU's proposal will result in an increased number of taxicabs operating in Alexandria. Since driver transfers were allowed the number of taxicabs increased nearly 19 percent due to backfilling – this is without the new

provisions in the State Code. The new State Code combined with liberalizing the transfer regulations will significantly increase the number of taxicabs operating in the City. The Taskforce recognized that there are too many cabs operating based on the City's current market needs. With the analysis of the City Attorney that compliant companies must be allowed to backfill taxicabs if drivers transfer to other companies, it would be impossible to implement the TWU's proposal without increasing the number of taxicabs in Alexandria. Second, the experience with the taxicab fleet since driver transfers were allowed in 2005 has been an increase the number of taxicabs working for companies that do not meet the City's minimal dispatch requirement. At the last biennial review, at least 30 drivers requested to move from compliant companies to non-compliant companies. The dispatch requirement is the measure the City uses to determine if a taxicab company is adequately serving the citizens of Alexandria, consequently it cannot be ignored. The Taskforce did not identify anything in the TWU proposal to prevent the problem of oversaturating the market from becoming worse if driver transfers were further liberalized. Another issue of concern is that the TWU's proposal leaves the City vulnerable to new startup companies enticing drivers with low stand dues to transfer out of compliant companies into the new company, and requiring further backfilling. The City has a history of this when Union Cab started operations and quickly became the second largest company in the City. If the City Code was not revised in 2010 to prohibit drivers from transferring into non-compliant companies, Union Cab would have grown to the largest company. Union Cab primarily serves the airport.

The TWU proposal recommended moving the dispatch requirement away from the taxicab companies and putting the requirement on each individual taxicab driver. The Taskforce considered this proposal, but felt that because the infrastructure to dispatch calls must be created and implemented by the taxicab companies it would be unfair to hold drivers responsible for the infrastructure or advertisement that they could not create individually. In addition, the Taskforce recognized that the two dispatch calls a day requirement would have to be enforced on each individual driver with punitive consequences for not meeting the requirement. The TWU proposal suggests that taxicab drivers not meeting the daily requirement would lose their licenses. The Taskforce concluded that most drivers would not agree with this requirement of TWU's proposal. The monitoring of each driver's dispatch rate by staff would be difficult and costly because staff would have to review over 767 manifests. Many drivers only drive part time and holding them to the same standard as the full time drivers would place them at a competitive disadvantage in this regulated industry. The loss of a taxicab driver's license for failing to meet the dispatch requirement is an excessive punishment; the Taskforce did not believe it was appropriate to adopt this recommendation.

The TWU proposal identified an important issue that the Taskforce believes needs further consideration. The taxicab companies' service to the City is measured by using the dispatch requirement. It is critical that this metric accurately reflects whether a company is servicing the entire Alexandria community. The TWU proposal recommended that newer measuring methods, such as web-based dispatches, cell phone calls, Twitter and Facebook, and other technologies be used to determine when Alexandrians are reaching out to taxicab companies to request service. The Taskforce suggests that the affected communities--taxicab companies and

drivers, passengers, representatives from the groups making up this Taskforce, and City staff or elected/appointed officials could submit ideas to the City's transportation staff to improve this measure. The Taskforce is not suggesting the City develop new ideas independently as the best ideas are likely to come from those in, or using, taxicabs and a review could be on an as needed basis whenever the market demands. Improvements to the measure could be suggested to the Traffic and Parking Board or to the City Council if they needed review.

The remaining issues that were part of the TWU proposal, the Taskforce does not recommend the adoption of the proposal in lieu of current systems used by the City.

Issue #2 - The Traffic and Parking Board's proposal to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated when the grandfathered certificate holder retires.

The Taskforce recommends adopting the Traffic and Parking Board's proposal to review a request by companies to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated. This recommendation was based on Finding 10.

Summary of Conclusions

The Traffic and Parking Board recommended that taxicab companies who lost certificates due to grandfathered certificates expiring could request that the Traffic and Parking Board allow the company to turn the grandfathered certificate into a standard certificate if there was reason to do so. Taxicab companies expressed concern that it was possible for many drivers with grandfathered certificates to all work for the same company and all retire at, or close, to the same time. Taxicab companies viewed this as a risk to their business as it could conceivably be a significant number of their company's taxicabs, as 17 grandfathered certificates currently exist. The Traffic and Parking Board did not suggest that all certificates be re-designated. The Traffic and Parking Board believes that there are too many taxicabs operating in Alexandria today, so allowing grandfathered certificates to expire would be an appropriate way to reduce the total number of taxicabs. But, the Board also agreed that it would not be fair to let them expire unless they were fairly distributed across Alexandria's taxicab companies. The Traffic and Parking Board's recommendation was designed to assure that if a company was disproportionately affected, it would have recourse to assure its fleet size was sufficient to serve its customer base.

The Taskforce recommends that all companies be permitted to request that the Traffic and Parking Board consider allowing their grandfathered certificates become standard certificates when the driver retires. The consideration by the Traffic and Parking Board would be on a case by case basis.

Issue #3 - The operation of taxicab companies which operate below the City Code required thresholds:

The Taskforce recommends adopting a pre-2005 type of code which maintains a dispatch requirement but does not allow driver transfers. The recommendation is based on Finding 1 through 9.

The Taskforce believes that as long as driver transfers are allowed, taxicab companies are going to operate below the City Code required service thresholds and taxicab service to the entire community will suffer. Since the City Code was changed to allow transfers in 2005 all driver transfers have been to noncompliant companies. Allowing drivers to transfer hurts the industry's ability to serve the public in several ways. First, allowing driver transfers limits the control a company has over its drivers to ensure adequate service the public from their drivers and the company. For example, if a driver refuses to service a dispatch call and the company disciplines the driver for failing to pick up the fare, the driver under the transfer system will just transfer into another company that could be less concern with servicing the entire Alexandria taxicab market. Second, allowing drivers to transfer impedes a company's ability to invest in new technology (infrastructure). It's hard to justify investing in technology or infrastructure if next year large portion of the drivers can transfer out of the company. The current trend of alternative transportation methods is making not only the taxicab industry more competitive, but the whole transportation industry more competitive (Bike Share, limos, new rapid bus routes, car sharing, etc.). Moreover, there are new unregulated single car internet transportation service providers that are currently redefining the taxicab industry and present other regulatory concerns for City Council including taxing, safety, and other issues that need to be addressed. Lastly, allowing driver transfers increases the number of taxicabs in an already oversaturated market. The more taxicabs in the City, the less income drivers will be able to earn. In addition, the City is already seeing the results of an over saturated market as the queue of taxicabs waiting at taxicab stands are increasing into travel lanes and creating unnecessary congestion on the City main streets. The Taskforce believes that the City can do a more effective job of regulating the taxi industry if a pre-2005 type code were adopted which maintains a dispatch requirement but does not allow transfers. In this scenario the City would be able to grant additional taxicabs to companies that are growing and servicing the City while reducing the size of noncompliant companies at each review cycle based upon non-compliance with dispatch requirements. The Taskforce realizes that technology is changing and the dispatch methodology will evolve with the times; however, until that technology has been vetted, perhaps by other markets similar to Alexandria, the status two call requirement is more than fair.

The Taskforce also considered, but is not recommending, a hybrid approach. Under this hybrid approach the City would evaluate two or three technologies that can be used to track taxicabs throughout the City and monitor compliance with City requirements. This would, most likely, require drivers and companies to purchase some type of tracking equipment for their taxicabs similar to tracking technologies on City buses, police cars, mobile phones, etc.). Excluding, the two call per day requirement, there is not a good way to monitor compliance with the City's regulations other than to accept a company at its word that the data provided by the company to the City staff is 100% accurate. If a hybrid approach is implemented by City Council, then it would need to direct staff to actively enforce the current City Code for dispatch violations. The City has always had the ability to issue civil fines for noncompliance; however, the City has opted to use the restriction on transfers as the main enforcement mechanism for taxicab

companies failing to meet City requirements. If a hybrid approach was taken, the City Manager should promulgate regulations using the existing code to issue class II civil violations to companies not meeting the dispatch requirements. The Taskforce is not recommending this hybrid approach, because it would not be as effective at regulating the industry and at this time the City has insufficient staff to adequately enforce dispatch violations. There is obviously a regulatory system that would allow for additional staff to be financially sustained through the fine issued; however, the Taskforce does not recommend the approach.