

City of Alexandria, Virginia

MEMORANDUM

17
5-25-04

DATE: MAY 21, 2004
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: PHILIP SUNDERLAND, CITY MANAGER ^{PS}
SUBJECT: REVISED REGULATORY FRAMEWORK FOR THE TAXICAB INDUSTRY

ISSUE: City Council consideration of a revised regulatory framework for the Alexandria taxicab industry.

RECOMMENDATION: That City Council:

- (1) Receive the attached report (Attachment 1) on the Alexandria taxicab industry and proposed revised regulatory frameworks for the industry (Report);
- (2) Conduct a public hearing on May 25 on the proposed revised regulatory frameworks; and
- (3) Following the public hearing,
 - (a) endorse (for the reasons described in this memorandum) the revised regulatory framework proposed by the Taxicab Industry Work Group, and recommended by the City's consultant, Schaller Consulting, with one amendment, which is that the number of certificate cards to be issued to drivers (including grandfathered drivers) be increased, in phases based on experience, from an initial 129 cards (20 percent of the total) to an eventual 226 cards (35 percent of the total); and
 - (b) instruct the City Manager, working with the Taxicab Industry Work Group and other interested parties, to develop, for presentation to Council on June 22, a detailed regulatory plan for the Alexandria taxicab industry, which will add to the revised regulatory framework endorsed by Council the many "nuts and bolts" details necessary to produce a comprehensive, cohesive and understandable regulatory plan which the City Attorney can then use in preparing revisions to the City Code for introduction in September.

We recognize that the recommendation in paragraph (b) is not in line with the schedule adopted by Council at its May 12 legislative meeting. However, working out and defining the many details of the regulatory framework endorsed

by Council, apart from drafting the necessary ordinance and code changes, will, in order to do the job well and to receive input from affected parties, require far more than the seven days provided by the Council's desired schedule. These many details, perhaps even more than the revised regulatory framework itself, will define and determine the nature and quality of taxi service in Alexandria in the years ahead. It is critical, we believe, that staff, the affected parties, the public and the Council have, and take, the time that is needed to perform this work well. Hence, our recommendation is that staff return to Council on June 22 with a detailed plan for putting into effect the Council-endorsed revised framework, that this plan be approved, as submitted or revised, by Council on June 22, and that the approved detailed plan be used by the City Attorney over the summer in preparing an ordinance making the required code changes.

BACKGROUND: At its May 12 legislative meeting, Council directed staff to prepare additional information for its consideration on (1) alternative regulatory frameworks that have been proposed for the Alexandria taxicab industry, and (2) the market profile of and level of customer satisfaction with the local taxicab industry. A report addressing these matters is attached as Attachment 1. Council further indicated its intention to conduct a public hearing on this matter on May 25, to endorse a particular regulatory framework on that date, and to instruct staff to proceed with the development of a detailed regulatory plan and the necessary code changes to put the Council-endorsed framework into effect. Council also indicated its desire that an ordinance making these code changes be prepared for introduction and first reading at its June 9 legislative meeting.

DISCUSSION: The attached Report prepared by Schaller Consulting, the City's taxicab consultant, responds to Council's request for additional information. It provides a summary comparison of the key features or elements of the alternative regulatory frameworks that have been presented for consideration. While not all proposed frameworks are included in this comparison, those that are reflect the general range of all proposals and are understood to be those of greater interest to Council. In addition to comparing the key elements of these differing frameworks, the Report compares the proposed frameworks on the basis of: (a) their potential impacts on the quality of taxi service and on the taxi industry itself, (b) the experiences that other jurisdictions have had with them, and (c) strategies to mitigate their possible negative impacts.

The key findings reached by Schaller Consulting on the basis of these comparisons are the following:

1. The **Taxi Industry Work Group** proposal would maintain economic stability in the taxi industry and preserve the viability of the current cab companies. It would also increase opportunities for driver movement by issuing 20 percent of certificate cards to drivers. Further, it would provide incentives for companies to develop their dispatch operations, increasing competition among taxi companies and improving service to Alexandria residents. The experience with similar systems in other cities has been positive, even with a somewhat higher percentage of certificate cards issued to drivers.

2. The **AUTO** proposal¹ would shift the taxi industry from a company-oriented system in which companies control the certificate cards to a system oriented entirely around vehicle owners. At this time, 91 percent of the taxi vehicles operated in the City are driven by the vehicle owner (“owner-operator” cabs); the remaining nine percent are driven by drivers who rent the vehicle from its owner (“fleet” cabs). The **AUTO** proposal would provide a high degree of independence and movement to drivers who are owner-operators. Experience in other cities has shown, however, that this approach tends to weaken the quality of dispatch service provided by companies, because they lack an adequate capability to hold drivers accountable for responding timely to dispatch calls (most importantly, to those that are not particularly desirable) and for providing service quality. As a result, companies begin to focus more on keeping drivers than on the needs of customers.² The result is less reliable dispatch service and longer waits for customers who telephone for a cab.

Also, under the **AUTO** proposal, owner-operators would be able to rent out their cabs when they decide to stop driving, thus creating a new layer between cab companies and owner-operator/drivers. This would negatively affect accountability for service, driver incomes (due to profits extracted by owner-operator) and possibly driver movement (because driver could only move to a rental from another owner-operator).

The few cities that have implemented similar regulatory systems have abandoned this approach due to service problems.

3. The **Joint AUTO/Yellow** proposal is similar to the **AUTO** proposal, but contains several very significant differences. Under the **Joint AUTO/Yellow** proposal:
 - (a) companies are not required to provide dispatch service;
 - (b) owner-operators/drivers are not required to affiliate with a company (i.e., like the District of Columbia, “independent” or non-affiliated cabs and drivers would be permitted); and

¹ In a May 17, 2004, letter to the City Manager (Attachment 2), **AUTO** withdrew its endorsement of this proposal and identified the **Joint AUTO/Yellow** proposal (discussed later in this memorandum) as the sole proposal that **AUTO** endorsed.

² For instance, rather than disciplining a driver for failing to respond to a dispatch call, a company will tend to let the matter go, since the driver, in response to discipline, is perfectly free to move to another company and, thereby, reduce by one the number of cabs that the company is authorized to have on the street under its colors.

- (c) companies can “backfill” drivers who leave with other drivers by showing call volumes of the departing driver.

Optional dispatch. Making dispatch optional for cab companies would force down the stand dues for non-dispatch drivers, leading to increases in stand dues for dispatch drivers.³ The economic viability of some dispatch companies would be weakened, likely leading to there being only one dispatch company in the City and, thus, eliminating competition in the dispatch market. There is no question that quality taxi service in the City, as in any locality, requires quality dispatch service, and quality dispatch service demands dispatch competition, i.e., genuine competition among companies that provide dispatch service.

Unaffiliated drivers. Experience in other cities has shown that the presence of unaffiliated drivers leads to serious problems with cab service, particularly refusal of short trips and discourteous and sometimes abusive treatment of passengers at cab stands. Almost without exception, cities that have allowed unaffiliated taxi drivers have experienced substantial service problems and, as a result, have adopted affiliation requirements.

It is also important to note that, under this proposal, the City’s regulatory burden would be significantly increased due to the lack of a company-based management structure to deal with service complaints and other driver matters for a large proportion of the drivers. A significant part of this increased regulatory burden could flow from service provided at Regan National Airport, where Alexandria-regulated cabs provide 75 percent of the taxi service for trips destined to Northern Virginia locations.

Backfilling. The backfill provision would enlarge the number of authorized taxicabs in the City as compared with the AUTO proposal. For example, under this provision, if 30 owner-operators decided to leave Yellow, that company, based on dispatch call volume, could obtain 30 replacement certificate cards, thereby increasing by this number the total number of cards (i.e., cabs), in the City. Over time, this “backfilling” would increase the number of cabs operating in the City, thus diluting the number of trips per driver and reducing driver incomes. Moreover, the backfill provision would not remedy the weakening of company control over service quality, which, as noted above, arises from complete driver control of the certificate cards, and the resulting reduction in reliable dispatch service and increase in the time customers must wait for a dispatch cab.

³ As non-dispatch (airport) drivers move to non-dispatch companies offering lower stand dues, the remaining dispatch drivers will be forced to pay proportionately higher stand dues to cover the company’s dispatch expenses.

As with the AUTO proposal, the joint AUTO/Yellow framework would provide a high degree of independence and movement to drivers who are owner-operators. However, it also would produce the serious, undesirable consequences outlined above, and most importantly could significantly harm service quality. Indeed, in its May 12 letter to the Mayor and Council (Attachment 3), Yellow acknowledges that with the “AUTO/Yellow” proposal (page 2):

“It can reasonably be anticipated that service will deteriorate to some degree.”

“The City will have another disadvantage in that there will be any number of non-affiliated drivers for whom the City must answer when problems arise. The City will also have to manage the transfer and sale of certificates and resolve disputes over who owns the certificate cards. All of this will necessitate additional staff.”

“Another consequence of this proposal is that the three smaller companies and Diamond will probably be put out of business, unless they become dispatch companies”

4. The **Yellow Two-Tier** proposal is similar to the AUTO/Yellow framework, with three major differences:
- (a) all owner-operators are required to be affiliated with a company;
 - (b) certificate cards are issued to dispatch companies, which retain control of the cards and are able to maintain current levels of control associated with service quality (although, of course, this means somewhat reduced opportunity for driver movement);⁴ and
 - (c) drivers at non-dispatch companies are prohibited from picking up in the City, thus preserving all taxi stand trips for drivers working at dispatch companies.

Because the Yellow Two-Tier framework would drop the dispatch requirement for all cab companies, some companies would not offer dispatch service, and, therefore, would be able to offer lower stand dues. This would result in drivers with dispatch companies paying higher stand dues because their dues would bear the entire cost of dispatch operations. Eventually, also, there would be less competition or possibly no competition in the dispatch market.

⁴ Under the Yellow Two-Tier proposal, like the Joint AUTO/Yellow framework, certificate cards are issued not to non-dispatch companies, but to their drivers/owner-operators.

The attached Report also contains a profile of the current Alexandria taxicab industry and the results of a general customer satisfaction survey. Key findings in these areas include:

- Of the 609 taxicabs currently operating in Alexandria, approximately 275 cabs exclusively or almost exclusively work from Reagan National Airport. A few of these airport-oriented cabs also pick up a relatively small number of trips at Metro stands and other taxi stands in the city.
- The remaining 334 taxicabs serve primarily dispatch trips, where customers call the cab company and request that a cab be dispatched to their location. Some of these cabs also pick up trips at taxi stands and at the airport.
- Alexandria residents rate taxi service overall as “good,” with relatively few residents who completed an on-line survey rating service as either excellent or poor.
- Customer ratings were less favorable, however, for specific aspects of cab service: the quality of vehicles; reliability and timeliness of dispatch service; and value for the money. Improvements in these areas would lead most respondents to use cabs more often, thus presenting a market opportunity for the taxi industry.

Based on an evaluation of the City’s current regulatory system and the proposed alternative frameworks, information previously presented to Council, and the views and opinions expressed by representatives of industry groups, staff, in concert with the City’s consultant, have identified five key features that are strongly recommended for inclusion in any regulatory framework that Council approves. These key features, all of which are included only in the proposed framework from the Taxi Industry Work Group, are:

1. **All companies are required to provide dispatch service.** Quality taxi service in Alexandria requires quality dispatch service. Dispatch is the largest segment of the taxi market in Alexandria; at the same time, it is the most difficult and expensive type of trip to serve well. Quality dispatch service, in turn, demands that companies be required to deliver dispatch. This provides the largest pool of cabs and drivers available to serve dispatch calls, and the largest base of support for the cost of dispatch operations, and also guarantees competition in the dispatch market, which serves to bring about quality taxi service throughout the City. Finally, a dispatch requirement creates a level playing field for cab companies since the requirements are the same for all companies.
2. **Dispatch companies are issued the certificate cards needed to serve dispatch calls.** Cab companies must be able to hold drivers accountable for picking up passengers who call for a cab, keeping the vehicle clean and in good condition, and for overall service quality. Experience from around the country has demonstrated that companies need to control most of the certificate cards in order to ensure driver accountability and service quality.

3. **Some certificate cards are issued to and held by drivers.** While dispatch companies should hold most (at least 80 percent) of the certificate cards needed for dispatch operations (i.e., not necessarily 80 percent of all cards, it is important for driver movement and the competitiveness of the driver labor market that drivers hold some certificate cards. Cities in which drivers hold 20 percent or less of the certificate cards used for dispatch has been positive. The percentage of certificate cards used for airport service can be higher since the issue of company control of dispatch operations does not arise for these cabs.
4. **All drivers are required to affiliate with a company.** The experience in other cities with non-affiliated drivers has been very poor in terms of service quality. Non-affiliated drivers also create a difficult regulatory burden for the City, one which is particularly inappropriate when much of the burden would arise from complaints or issues associated with trips from Reagan National Airport to non-Alexandria locations. All drivers should be required to affiliate with a cab company.
5. **Driver-held certificate cards are held by active drivers.** The purpose of issuing certificate cards to drivers/owner-operators is to provide for driver movement and ensure that drivers realize the fruits of their labor. A driving requirement -- i.e., a requirement that any certificate card holding owner-operator must actually drive his/her vehicle on a regular basis -- is essential for continuing to achieve these objectives. Without a driving requirement, drivers holding a certificate card could rent out their cabs when they decide to stop driving. This will create a double-tier system that benefits the certificate card holders but not the drivers who rent from such card holders. Moreover, the creation of a growing number of non-vehicle-owning, non-card-holding drivers will lead to service problems since cab companies will be unable to determine who was driving the cab in the case of an accident or complaint, and the non-driving, card-holding cab owner will have little incentive to rectify the problem.

The City's current and former taxicab regulations represent both ends of the continuum between driver independence and company control, and experience clearly indicates that neither has achieved a reasonable or acceptable balance between these competing needs. Staff believe that a regulatory approach that falls between these extremes can best address the expressed driver and company concerns, achieve an appropriate degree of both driver independence and company control, and provide the desired level of service to the public. Therefore, staff recommend that Council endorse the regulatory framework proposed by the Taxicab Industry Work Group, with one change, which is that the number of certificate cards that are to be issued to drivers (including grandfathered drivers) be increased, in phases based on experience, from an initial 129 (20 percent of the total) to an eventual 226 (35 percent of the total).

FISCAL IMPACT: Undetermined at this time.

ATTACHMENTS:

1. "Comparison of Regulatory Frameworks and Market Analysis," Schaller Consulting
2. Letter, dated May 17, 2004, from Kathleen Henry to the City Manager
3. Letter, dated May 12, 2004, from Lonnie Rich to Mayor and Members of Council

STAFF:

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Alexandria Taxicab Issues

**Comparison of
Regulatory Frameworks
and
Market Analysis**

Submitted to:
City of Alexandria
Transportation & Environmental Services

May 20, 2004

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Summary

This report presents (1) comparison of the taxicab regulatory frameworks that are before the City Council and recommended key elements in a regulatory system for Alexandria; and (2) results from the taxi market analysis, based on a survey of Alexandria residents and taxi dispatch, Metro stand and airport trip data.

Market analysis

Key findings from the market analysis:

- Of the 609 taxicabs currently operating in Alexandria,¹ approximately 275 cabs exclusively or almost exclusively work from Washington Reagan National Airport. A few of these airport-oriented cabs also pick up a relatively small number of trips at Metro stands and other taxi stands in the city.
- The remaining 334 taxicabs serve primarily dispatch trips, where customers call the cab company and request that a cab be dispatched to their location. Some of these cabs also pick up at taxi stand trips and at the airport.
- Alexandria residents rate taxi service overall as "good," with relatively few residents who completed an on-line survey rating service as either excellent or poor.
- Customer ratings were less favorable, however, for specific aspects of cab service: the quality of vehicles; reliability and timeliness of dispatch service; and value for the money. Improvements in these areas would lead most respondents to use cabs more often, thus presenting a market opportunity for the taxi industry.

Regulatory frameworks

The current regulatory system and four alternatives are compared and analyzed in matrixes presented in the next section. The alternatives include the taxicab work group consensus framework, which reflects the consensus of the company owners; the proposal from the Alexandria United Taxi-Drivers Organization (AUTO) presented to Council earlier this year; a joint plan from AUTO and Alexandria Yellow Cab, and Yellow Cab's two-tier framework. Cab company owners and a group of non-AUTO drivers who presented other regulatory frameworks in the work group process have since endorsed one of these four frameworks.

Key features and considerations for the four regulatory frameworks are:

- **The work group consensus framework** would maintain economic stability in the taxi industry and preserve the viability of the current cab companies. It would also

¹ There are 645 authorized certificate cards but approximately 36 are not currently in use, as of the first part of May 2004.

increase opportunities for driver movement by issuing 20 percent of certificate cards to drivers. The work group consensus would provide incentives for companies to develop their dispatch operations, increasing competition among taxi companies and improving service to Alexandria residents. The experience with similar systems in other cities has been positive, even with a somewhat higher percentage of certificate cards issued to drivers.

- **The AUTO proposal** would shift the taxi industry from a company-oriented system in which companies control the certificate cards to a system oriented around vehicle owners (“owner-operators”). At this time, 91 percent of owner-operators are cab drivers; the remaining 9 percent are driven by drivers who rent from the vehicle owner (so-called “fleet” cabs). The AUTO proposal would provide a high degree of independence and movement to drivers who are owner-operators. Experience in other cities has shown, however, that this approach tends to weaken cab company dispatch operations because companies lack an adequate capability to hold drivers accountable for service quality. Cab companies become dispatch service providers with much greater focus on the needs of drivers than the needs of customers. The result is less reliable dispatch service and longer waits for customers who telephone for a cab.

Under the AUTO proposal, owner-operators would be able to rent out their cabs when they decide to stop driving, thus creating a new layer between cab companies and drivers. This will negatively affect accountability for service, driver incomes and possibly driver movement. The few cities that have implemented similar regulatory systems, including Alexandria two decades ago, have abandoned this approach due to service problems.

- **The joint AUTO/Yellow framework** is similar to the AUTO proposal, with several significant changes: there is no dispatch requirement for companies, companies can “backfill” drivers who leave by showing call volumes, and “independent” or nonaffiliated drivers are permitted. The backfill provision would enlarge the pool of drivers that companies could select from as compared with the AUTO proposal. The backfill provision does not, however, remedy the weakening of company control over service quality. The result would be less reliable dispatch service and longer waits for customers who telephone for a cab. “Backfill” would also increase the number of cabs, thus diluting the number of trips per driver and reducing driver incomes.

Making dispatch optional for cab companies would force down stand dues for non-dispatch drivers, leading to increases in stand dues for dispatch drivers. The economic viability of some dispatch companies would be weakened, possibly leading to there being only one dispatch company in the city, thus eliminating competition in the dispatch market.

Experience in other cities has shown that the presence of unaffiliated drivers leads to serious problems with cab service, particularly refusal of short trips and discourteous and sometimes abusive treatment of passengers at cab stands. Cities that at one time allowed unaffiliated drivers have adopted affiliation requirements as a result.

As with the AUTO proposal, the joint AUTO/Yellow framework would provide a high degree of independence and movement to drivers who are owner-operators. It would also, over time, allow for the creation of a new layer of vehicle owners between cab companies and drivers, reducing accountability for service quality and driver incomes.

- **The Yellow two-tier framework** is similar to the AUTO/Yellow framework, with three major differences. First, dispatch companies would retain control of their own certificate cards. Companies would thus maintain current levels of control over service quality, although the opportunity for driver movement and independence would be reduced.

Second, under the Yellow two-tier proposal drivers at non-dispatch companies would be prohibited from picking up in the city, thus preserving dispatch and taxi stand trips for drivers working at dispatch companies. Third, all drivers would have to be affiliated with a company.

Because the Yellow two-tier framework would drop the dispatch requirement for cab companies, fewer companies would offer dispatch. Drivers serving dispatch trips would pay higher stand dues because their stand dues would bear the entire cost of dispatch operations. There would be less competition or possibly no competition in the dispatch market.

As with the AUTO proposal and joint AUTO/Yellow framework, the two-tier framework would provide a high degree of independence and movement to drivers who are owner-operators. It would also, over time, allow for the creation of a new layer of vehicle owners between cab companies and drivers, reducing accountability for service quality and driver incomes.

Based on the analysis of the current system and these four alternative regulatory frameworks, five key features that should be included in the regulatory system adopted by the city can be identified. These are:

- (1) **Company dispatch requirement.** Dispatch is both the largest segment of the taxi market in Alexandria and the most difficult and expensive type of trip to serve well. The requirement that all companies serve dispatch provides the largest pool of cabs and drivers available to at least potentially serve dispatch and the largest base of support for the cost of dispatch operations. A dispatch requirement also creates the greatest opportunity for companies to expand their dispatch service and thus for competition in this market. Finally, a dispatch requirement creates a level playing field for cab companies since the requirements are the same for all companies.
- (2) **Dispatch companies control most of the certificate cards used to serve dispatch calls.** Cab companies need to be able to hold drivers accountable for picking up passengers who call for a cab, keeping the vehicle clean and in good condition, and for overall service quality. Experience has shown that companies need to control most of the certificate cards in order to ensure driver accountability and service quality.

- (3) **Some certificate cards held by drivers.** While dispatch companies should hold most (80 percent or more) of the certificate cards needed for dispatch operations, it is important to driver movement and the competitiveness of the driver labor market for drivers to hold some certificate cards. Cities in which drivers hold 20 percent of the certificate cards used for dispatch has been positive. The percentage for certificate cards used for airport service can be higher since the issue of company control of dispatch operations does not arise for these cabs.
- (4) **Driver affiliation requirement.** The experience in other cities with non-affiliated drivers has been very poor in terms of service quality. Non-affiliated drivers also create a difficult regulatory burden for the City. All drivers should be required to affiliate with a cab company.
- (5) **Driving requirement for driver-held certificate cards.** The purpose of issuing certificate cards to drivers is to provide for driver movement and ensure that drivers realize the fruits of their labor. A driving requirement is essential for the continuing achievement of the latter objective. Without a driving requirement, drivers who hold certificate cards will be likely to rent out their cabs when they decide to stop driving. This is already occurring in Alexandria; 9 percent of taxis are not currently driven by the vehicle owner at all, and an additional 18 percent of cabs are driven by both the vehicle owner and a second driver. Issuing certificate cards to drivers will lead to increases in these figures, thus creating a two-tier system that benefits the original certificate card holders at the expense of drivers who arrive after the changeover to the new system. Moreover, creating a new layer between cab companies and drivers produces serious service problems since cab companies often cannot determine who was driving the cab in the case of an accident or complaint, and the vehicle owner has little incentive to rectify the problem.

The city's current and former taxicab regulations represent both ends of the continuum between driver independence and company control. Experience clearly indicates that neither has achieved reasonable balance between these competing needs. A regulatory approach between these extremes, incorporating the five features listed above, would best address the expressed industry concerns, achieve acceptable balance between driver independence and company control, and provide the desired level of service to the public.

1. Taxicab Regulatory Framework Comparisons

Comparison of regulatory frameworks

Feature	Current system	Work group consensus	AUTO (Dec. 2003 proposal)	AUTO/Yellow joint proposal	Yellow (pure two-tier)
Dispatch requirement	24/7 dispatch required of all companies	24/7 dispatch required of all companies	24/7 dispatch required of all companies	Not required. Companies must elect to be dispatch or non-dispatch company	Not required. Companies must elect to be either dispatch or non-dispatch company.
Number of certificate cards held by companies, drivers, owner-operators	Issued to companies	Up to 129 certificate cards (20% of 645 total), issued to drivers based on seniority, lottery or other fair basis. Remaining 80% of 645 certificate cards are held by companies	All certificate cards issued to current vehicle owner-operators Maximum three per person; those with more than three currently would be grandfathered	All certificate cards issued to "current drivers covered by existing certificate cards"	Dispatch companies: issued to companies Non-dispatch companies: issued to drivers, one certificate card per driver
Backfill for drivers leaving a company	Companies backfill using company-held certificate cards	Companies backfill using company-held certificate cards	None	Dispatch companies may petition city for new certificate cards provided the company can show auditable call volume Company can select any driver from list maintained by the city	Dispatch companies can replace drivers who leave with new drivers if company has call volume to support
Issuance of additional certificate cards (in addition to backfill provision, if any)	Companies must show public convenience and necessity	Issued to companies based on increase in audited call volumes	City determines if additional certificate cards are needed. If so, cards are issued to drivers on waiting list	Issued to drivers based on waiting list as result of annual review process	Dispatch companies can request increase based on verifiable call volume No new certificate cards to non-dispatch companies
Ceiling on company size	Specified number of certificate cards issued to each company; no maximum per se	50% of total number of certificate cards (322 of current 645)	40% of total number of certificate cards (258 of current 645)	50% of total number of certificate cards (322 of current 645)	50% of total number of certificate cards (322 of current 645)
Driver movement	Based on availability of open certificate cards in each company	Drivers who hold a certificate card could move to any company Other drivers can move to another company based on availability of open certificate cards	Drivers who hold a certificate card could move to any company Other drivers (who might rent from certificate card holder) can move to another company based on availability of open certificate cards	Drivers who hold a certificate card could move to any company Other drivers (who might rent from certificate card holder) can move to another company based on availability of open certificate cards	Drivers with certificate card can move from non-dispatch company to any other company (dispatch or non-dispatch) Other drivers can move from dispatch company to dispatch company based on availability of open certificate cards in each company
Transferability of certificate cards	Transferable upon showing the transfer is in the public interest	Not transferable Driver-held certificate cards are reissued to drivers on waiting list Company-held cards are reissued to companies based on increase in call volumes	Transferable for monetary consideration	Transferable for monetary consideration	Transferable for monetary consideration subject to reasonable regulation by the City
Driver affiliation	Not applicable	Drivers who hold a certificate card are required to affiliate with a company	Certificate card holders are required to affiliate with a company	Not required; non-affiliated drivers have one color and are managed directly by the City	Drivers who hold a certificate card are required to affiliate with a company
Driving requirement for driver-held certificate cards	Not applicable	Specified number of days per year (number to be determined); allowance made for extended vacations and other reasonable absences	None (could be rented to other drivers)	None (could be rented to other drivers)	None (could be rented to other drivers)
Limitations on where drivers may pick up passengers	None	None	None	None	Drivers working for non-dispatch companies may pick up at airport only

Feature	Current system	Work group consensus	AUTO (Dec. 2003 proposal)	AUTO/Yellow joint proposal	Yellow (pure two-tier)
New companies	Must show public convenience and necessity	No change from current system	New companies must have a minimum of 100 drivers to start and 50 drivers to continue. No requirement to show public convenience and necessity	New companies must have a minimum of 100 drivers to start and 50 drivers to continue. No requirement to show public convenience and necessity New companies must be dispatch companies.	New companies must be dispatch companies; petition as under current Code. No new non-dispatch companies allowed
Unresolved features			Unclear to whom certificate card is issued for cabs that currently have two drivers	Unclear whether certificate cards are issued to owner-operators (vehicle owners) or drivers of the cab. If the latter, unclear to whom certificate card is issued for cabs that currently have two drivers	May have requirement that companies must dispatch specified number of trips per day to quality as dispatch company. Unclear to whom certificate card is issued for cabs that currently have two drivers

Comparison of impacts on industry and service, experience of other cities and possible mitigation measures

	Work group consensus	AUTO (December 2003 proposal)	AUTO/Yellow joint proposal	Yellow (pure two-tier)
Industry impacts	<ul style="list-style-type: none"> Somewhat increased competition for drivers since some drivers would have a certificate card Smaller companies will have the opportunity to build their dispatch volumes by attracting drivers with own certificate cards Level playing field for companies since same requirements apply to all Economic stability in industry; no companies are expected to go out of business as result of this framework 	<ul style="list-style-type: none"> Stand dues will decrease for drivers who do not serve dispatch trips, due to competition Stand dues will increase for drivers at dispatch companies, due to fewer drivers covering cost of dispatch Some smaller companies likely to go out of business as drivers move to lowest-cost company(ies) White Top may find it difficult to survive as competition forces down stand dues for airport-oriented drivers Over time, certificate holders are likely to rent out their cabs to drivers, creating a new layer of vehicle owner between companies and drivers Driver incomes likely to decline for drivers who rent cab from certificate holder Yellow may reach ceiling, preventing movement of drivers to Yellow 	<ul style="list-style-type: none"> Number of cabs will increase to extent that drivers leave dispatch companies Many airport drivers are likely to become unaffiliated to save on stand dues Stand dues will decrease for drivers who do not serve dispatch trips, due to competition Stand dues will increase for drivers at dispatch companies, due to fewer drivers covering cost of dispatch Smaller companies likely to go out of business as drivers become nonaffiliated White Top will find it difficult to survive as airport-oriented drivers leave to save on stand dues Over time, certificate holders are likely to rent out their cabs to drivers, creating a new layer of vehicle owner between companies and drivers Driver incomes likely to decline to extent that number of cabs increases and for drivers who rent cab from certificate holder 	<p><i>Note: If all companies meet dispatch requirement, there will be relatively little change in the industry as no certificate cards would be issued to drivers. The following comments assume that only Yellow and White Top elect to become dispatch companies.</i></p> <ul style="list-style-type: none"> Stand dues will decrease for drivers who do not serve dispatch trips, due to competition Stand dues will increase for drivers at dispatch companies, due to fewer drivers covering cost of dispatch Some smaller companies likely to go out of business as drivers move to lowest-cost company(ies) White Top may find it difficult to survive as competition forces down stand dues for airport-oriented drivers
Service impacts	<ul style="list-style-type: none"> Increased competition among dispatch companies as companies have incentive to build their call volumes Smaller companies or new companies may build dispatch service and attract drivers who hold certificate cards 	<ul style="list-style-type: none"> Competition for customers will decrease as fewer companies provide dispatch service due to downward pressure on stand dues Quality of dispatch service likely to decline as companies become dispatch services and decrease their focus on customer needs 	<ul style="list-style-type: none"> Competition for customers will decrease as fewer companies provide dispatch service due to downward pressure on stand dues Quality of dispatch service likely to decline as companies become dispatch services and decrease their focus on customer needs Nonaffiliated drivers likely to create problems with service accountability, leading to an increase in public complaints 	<ul style="list-style-type: none"> Competition for customers will decrease as fewer companies provide dispatch service due to downward pressure on stand dues Quality of dispatch service likely to decline as companies become dispatch services and decrease their focus on customer needs
City regulatory impacts	<ul style="list-style-type: none"> City must track affiliation of drivers who hold certificate cards 	<ul style="list-style-type: none"> City must track affiliation of drivers who hold certificate cards City must establish procedure for transfer of certificate cards between drivers for monetary value (similar to real property sales) 	<ul style="list-style-type: none"> Increased expenses for managing nonaffiliated drivers, e.g., enforcement at taxi stands; investigating complaints and disciplining drivers City must track affiliation of drivers who hold certificate cards City must establish procedure for transfer of certificate cards between drivers for monetary value (similar to real property sales) 	<ul style="list-style-type: none"> City must track affiliation of drivers who hold certificate cards City must establish procedure for transfer of certificate cards between drivers for monetary value (similar to real property sales)

<p>Experience of other cities with similar regulatory systems</p>	<p>Work group consensus</p> <ul style="list-style-type: none"> Cities commonly issue certificate cards (or their equivalent) to companies whose cabs primarily serve dispatch trips. This approach provides companies with the ability to manage the activities of their drivers. Examples in the DC area include Arlington, Fairfax County and Montgomery County. This is the most common approach across the U.S. as well. Cities in which 10-30% of certificate cards (or equivalent) are issued to drivers have been able to maintain reasonable quality of dispatch service while also increasing driver mobility and competitiveness of stand dues. An example is San Diego. 	<p>AUTO (December 2003 proposal)</p> <ul style="list-style-type: none"> It is rare for cities with a strong need for dispatch service to issue all or even a majority of certificate cards (or equivalent) to drivers. The few cities that have adopted such systems have experienced problems with the quality of dispatch service, e.g., excessive response times, customers not being served, and refusal of "undesirable" trips. Examples are Washington DC, Dallas, San Francisco. Quality of dispatch suffers because drivers tend to focus on airport and stand markets, companies lack resources to invest in a quality dispatch operation and companies are unable to hold drivers accountable for customer pick up, dress code, complaint follow-up and geographic knowledge. 	<p>AUTO/Yellow joint proposal</p> <ul style="list-style-type: none"> It is rare for cities with a strong need for dispatch service to issue all or even a majority of certificate cards (or equivalent) to drivers. The few cities that have adopted such systems have experienced problems with the quality of dispatch service, e.g., excessive response times, customers not being served, and refusal of "undesirable" trips. Examples are Washington DC, Dallas, San Francisco. Quality of dispatch suffers because drivers tend to focus on airport and stand markets, companies lack resources to invest in a quality dispatch operation and companies are unable to hold drivers accountable for customer pick up, dress code, complaint follow-up and geographic knowledge. Cities that steadily increase their number of cabs and issue certificate cards (or equivalent) to drivers have experienced oversupply of cabs at hotels, transportation nodes and other taxi stands, with consequent problems of short trip refusals, overcharging and rude behavior. Examples are San Diego, Seattle and Indianapolis during deregulatory periods; each of these cities subsequently capped the number of taxicabs as a result of these problems. Cities with non-affiliated taxicabs either have experienced problems at taxi stands (cited above) or devote extensive enforcement and licensing resources to regulate quality (e.g., New York, Chicago, San Francisco). 	<p>Yellow (pure two-tier)</p> <ul style="list-style-type: none"> A number of airports have airport-only fleets that are prohibited from picking up outside the airport or sometimes limited to picking up in the county surrounding the central city. Examples: Dulles, airports in Seattle and Sacramento. Dedicated fleets afford the airport maximum control over the quantity and quality of airport service. Normally, however, the airport takes the lead in regulating the vehicles and drivers rather than the city – and even more rarely a city that is separate from the airport. Cities commonly issue certificate cards (or their equivalent) to companies whose cabs primarily serve dispatch trips. This approach provides companies with the ability to manage the activities of their drivers. Examples in the DC area include Arlington, Fairfax County and Montgomery County. This is the most common approach across the U.S. as well.
<p>Possible modifications to mitigate negative impacts</p>	<ul style="list-style-type: none"> Increase percentage of certificate cards issued to drivers to 30%. Set standards for drivers with certificate cards on par with standards currently in place at National Airport (to hold certificate card holders accountable for quality of service) 	<ul style="list-style-type: none"> Set standards for drivers with certificate cards on par with standards currently in place at National Airport (to hold certificate card holders accountable for quality of service) Require that certificate card holders drive a specified number of days per year (to prevent absentee owners becoming a new layer between companies and drivers) Issue new certificate cards to companies (instead of drivers) upon showing of call volumes 	<ul style="list-style-type: none"> Continue 24/7 dispatch requirement for all companies Set standards for drivers with certificate cards on par with standards currently in place at National Airport (to hold certificate card holders accountable for quality of service) Require all drivers be affiliated with a company (for accountability). Require that certificate card holders drive a specified number of days per year (to prevent absentee owners becoming a new layer between companies and drivers) Issue new certificate cards to companies (instead of drivers) upon showing of call volumes 	<ul style="list-style-type: none"> Continue 24/7 dispatch requirement for all companies Set standards for drivers with certificate cards on par with standards currently in place at National Airport (to hold certificate card holders accountable for quality of service)

2. Taxicab Market Analysis

As part of the study of Alexandria taxicab issues, several efforts were undertaken to profile operations of the taxi industry and to obtain feedback from customers. These efforts encompassed:

- (1) On-line survey of Alexandria residents regarding their experience and satisfaction with cab service in the city. E-mails were sent to a variety of community contacts including civic and homeowners associations and business groups inviting their members' participation. A total of 339 questionnaires were completed using an on-line survey site. Respondents were distributed geographically across the city and represented a mix of age and gender groups.
- (2) Observations of taxicab activity at Washington Reagan National Airport. City staff recorded the cab number of taxis leaving the taxi holding garage and the time of day on three dates: Thursday, May 6; Friday, May 7 and Monday, May 10, 2004. A total of 5,403 Alexandria cabs were observed leaving the taxi garage on these three days.
- (3) Observations at taxi stands located at the three major Metro stops: King Street, Braddock Road and Van Dorn. Each Metro stand was observed on one day, April 20-22, 2004. City staff recorded the cab number of taxis picking up passengers at each Metro stand, primarily during morning and evening rush hours and midday. A total of 274 taxicabs pickups were observed.
- (4) Analysis of call data for Alexandria Yellow Cab and Diamond Cab. These companies provided complete call records for Wednesday, May 5 and Thursday, May 13, 2004. A detailed analysis was undertaken to document the number of calls received, trips completed, response times and trip duration.

Results from this research are summarized in the following sections. Detailed tables are in the appendixes.

A. Taxi Operations

Market segments

Alexandria's taxicabs serve three basic markets: dispatch trips where customers call on the phone for a cab; taxi stand trips at Metro stations, hotels, shopping centers and other locations; and airport trips. Some drivers also arrange trips directly with customers using their cell phones. Dispatch trips are the largest market segment in the city. As shown in Table 1 in Appendix A:

- About 3,000 taxi trips originate in Alexandria on a typical day, served by Alexandria cab companies.
- 60% of these trips are dispatched by cab companies in response to a customer request for service.
- 33% of these trips are picked up at taxi stands
- 7% of trips are arranged directly between customers and drivers via drivers' cell phones.
- Alexandria cabs serve an additional 1,600 trips per day from National Airport; thus, the total trip volume for Alexandria cabs is about 4,600 per day.

Company market shares

Yellow Cab has the largest share of the market for trips originating in the city but Diamond and White Top also have significant market shares. As shown in Table 2:

- For trips originating in Alexandria, Alexandria Yellow Cab has a 57% market share, followed by Diamond Cab (23%), White Top (17%) and King, Columbus and VIP (each 1% or less).
- Trips from National Airport are more evenly distributed across the companies. White Top accounts for 22% of all airport trips, compared with 11% for Yellow Cab.

Company trip distribution

Yellow Cab drivers primarily serve dispatch trips but also serve a substantial number of taxi stand and airport trips. Diamond and White Top trips are spread across these three markets, while drivers for the other three companies almost exclusively work the airport. As shown in Table 3:

- Drivers at Yellow Cab primarily serve dispatch trips (65% of all Yellow Cab trips including airport trips) but also serve a substantial number of taxi stand trips (18% of trips), airport (9%) and cell phone trips (7%).

- Diamond Cab trips are fairly evenly divided between dispatch trips (34%), taxi stands (33%), airport (26%), with cell phones accounting for about 6% of trips in Diamond cabs.
- White Top trips are also fairly evenly divided among the markets though with a skew toward airport trips (40%), followed by taxi stands (31%) and dispatch (29%) (few or no cell phone trips).
- The airport accounts for 84% or more of trips at each of the three smaller companies.

Another way to view the companies and markets for cab trips is to count how many drivers pick up at least once trip via dispatch, taxi stand and airport on a typical day. As shown in Table 4:

- On a typical day, 49% of Alexandria cabs make at least one pickup at National Airport, 46% serve at least one dispatched trip and at least 21% (and likely a higher number) pick up at a taxi stand in the city.
- A substantial portion of Yellow Cab, Diamond and White Top drivers serve each of these three markets (dispatch, stand and airport). For example, although Yellow Cabs primarily work dispatch trips, 25% of Yellow cab drivers pick up at least one taxi stand trip on a typical day and 20% pick up at least one airport trip.
- Overall, approximately 275 drivers work exclusively at the airport. This figure includes all 161 cabs from the three smaller companies, approximately 55 White Top cabs, 42 Diamond cabs and 17 Yellow cabs. The remaining 334 cabs primarily serve dispatch trips, with some also picking up at taxi stands and the airport.

Driver trip volumes

- Drivers pick up an average of 8.4 trips on a typical day. Yellow Cab drivers show the highest trip volumes (average 9.5 trips) and VIP the lowest trip volume (6.1 trips).
- One-fifth of drivers pick up 3 or fewer trips on the days observed. Factoring out these part-day drivers, the trip per day average is about one trip higher, e.g., 9.4 trips instead of 8.4 trips.

See Table 5.

B. Customer Survey Results

This section summarizes results from the survey of Alexandria residents. Complete results can be found in Appendix B.

Customer satisfaction

Most Alexandria residents rate service as “good” (as opposed to excellent or poor). Strengths involve availability of cabs by phone and at cab stands; weaknesses involve the quality of vehicles and wait times after calling for a cab. A small majority of respondents rate cabs as a good value.

- Alexandria residents rate taxi service primarily as good (71%), while 17% rate service as excellent and 12% poor.
- Among aspects of service, the most positive ratings are for “Taxi being available when you call” (28% rate as excellent) and “Availability of cabs at taxi stands” (also 28% rate as excellent).
- Relatively negative ratings are for “Quality of vehicles” (30% rate as poor) and “How long you wait for cab to arrive after telephoning taxi company” (25% rate as poor).
- 61% say that taxis are a “good value for the money” while 39% say they are not a good value.

Ways to improve cab service

Respondents want better cabs, more knowledgeable and courteous drivers and more reliable service. If service improved, most say they would use cabs more often.

- In an open-ended question about “the most important improvement to taxi service for you personally,” respondents most frequently mentioned availability and reliability of cabs when calling for a cab and at cab stands; cleanliness and condition of vehicles, high fares and the number of surcharges; and driver geographic knowledge, courtesy and other driver-related issues.
- 70% say they would use taxis more if their desired improvement(s) were made.

Getting a cab by phone

A substantial number of customers report sometimes having problems getting a cab when they call, and experience excessive waiting times for a cab to arrive.

- 28% of respondents say they were “sometimes not able to obtain a taxi” when they called for one in the past month, versus 71% who were always able to obtain a cab.
- Asked about the last time they called on the phone for a cab, 73% say they waited 15 minutes or less. This group generally says that the wait time was “reasonable.”

- 27% say they waited more than 15 minutes the last time they called on the phone for a cab. This group generally says that the wait time was not “reasonable.”

Companies called

Consistent with market share data presented earlier, Alexandria Yellow Cab is called more frequently than other companies but Diamond and White Top have a significant presence in the market. Confirming anecdotal reports, Red Top Cab, which is a company in Arlington, also has a significant presence in the Alexandria market

- Among residents who have called for a cab in the past 6 months, 83% have called Yellow Cab, 44% have called Diamond and 20% have called White Top. In addition, 21% have called Red Top.
- The companies that respondents call *most often* are Yellow (60%), Diamond (23%), White Top (8%) and Red Top (9%).
- In the question about improvements to service, a number of respondents say they would like Alexandria cabs to provide the quality of service they experience with Red Top.

DOT participants

In a previously conducted survey of 74 DOT users (not part of this study), 98 percent said that taxis or vans “usually arrives within 10 minutes of the requested time,” 97 percent said that the drivers are “usually” courteous and 100 percent said the drivers are “usually safe.”

C. Yellow and Diamond Trip Data

Response times measure how quickly a cab arrives after a customer calls the company for service and are a key indicator of service quality. The survey data in Alexandria indicate that response times of 15 minutes or less are considered reasonable and thus a 15 minute cut-off is used for analysis purposes. These data show the percentage of trips that customers calling for immediate service are picked up within 15 minutes of the call, and the percentage of time that customers who make prior reservations (“time” calls) are picked up within 5 minutes of the requested pickup time.²

The trip data show that Yellow Cab meets this standard a relatively high percentage of the time while Diamond meets the standard less often, especially for DOT users. Although the frequency cannot be quantified, it is also evident that a cab fails to arrive for some customers (see last bullet below).

- 87% of Yellow Cab's completed trips were picked up within 15 minutes of the customer calling for a cab, while 13% arrived in 16 minutes or more. (See Appendix C.)
- 77% of Diamond Cab's completed trips were picked up within 15 minutes of the customer calling for a cab, while 23% arrived in 16 minutes or more.
- For DOT (paratransit) customers, all of whose calls are “time” calls, only 71% were picked up within 15 minutes of being dispatched (i.e., within 5 minutes of the requested pickup time) while 29% were in excess of 5 minutes of the requested pickup time.
- 9% of Yellow and Diamond calls resulted in a “fast meter,” meaning the driver turned the meter on and off either immediately, or in 1-2 minutes. In some cases, fast meters occur when drivers go to the pickup location and do not find the passenger – either because the passenger no longer wants a cab or because the passenger and driver cannot find each other (e.g., in an office complex). In other cases, “fast meters” occur when the driver gets a street flag/taxi stand pickup after accepting the call, or decides not to pick up the passenger after seeing the details of the call. In these cases, the passenger may experience the call as a failure to provide service.

² Yellow and Diamond dispatch “time” calls 10 minutes before the requested pickup time. Thus, the 15-minute window extends five minutes beyond the requested pickup time. In the data provided by the companies, it was not possible to distinguish between calls for immediate service and “time” calls.

Appendix A. Market Profile

Table 1. Alexandria taxi trip volumes

	Trips on typical day	Pct.
Dispatch trips	1,830	60%
Taxi stand	1,000	33%
Cell phone	200	7%
Total Alexandria originations	3,030	100%
Airport	1,600	
Total trips for Alexandria cabs	4,630	

Table 2. Total non-airport and airport trips by company

Company	Non-airport trips		Airport trips	
	Number	Pct.	Number	Pct.
Columbus	44	1%	223	14%
Diamond	710	23%	247	15%
King	22	1%	278	17%
VIP	0	0%	327	20%
White Top	515	17%	344	22%
Yellow	1,739	57%	181	11%
Total	3,030	100%	1,600	100%

Table 3. Trip volumes by company*Number of trips on typical day*

Company	Total	Dispatch trips			
		completed	Taxi Stand	Airport	Cell phone
Columbus	266	0	44	223	0
Diamond	957	330	320	247	60
King	300	0	22	278	0
VIP	327	0	0	327	0
White Top	860	250	265	344	0
Yellow	1,920	1,250	349	181	140
Total	4,630	1,830	1,000	1,600	200

Distribution of trips by company

Company	Total	Dispatch trips			
		completed	Taxi Stand	Airport	Cell phone
Columbus	100%	0%	16%	84%	0%
Diamond	100%	34%	33%	26%	6%
King	100%	0%	7%	93%	0%
VIP	100%	0%	0%	100%	0%
White Top	100%	29%	31%	40%	0%
Yellow	100%	65%	18%	9%	7%
Total	100%	40%	22%	35%	4%

Dispatch trips based on trips completed for Yellow and Diamond, and estimate of 300 trips/day from White Top multiplied by 85% estimated completion rate.

Taxi stands based on observed 275 pickups at 3 Metro stands, increased to estimated 1,000 stand pickups per day based on customer survey ratio of dispatch trips taken vs. stand trips taken.

Airport trips based on average number of Virginia cabs dispatched in 2003, times 75% Alexandria as pct. of Virginia in the 3 days of observations, apportioned by company based on the 3 days of observations.

Cell phone trips based on 10% ratio of cell phone to dispatch trips in customer survey. Trips are assumed to be provided by drivers at Yellow and Diamond, which customer survey shows are most-used companies for cell phone callers.

Table 4. Taxi Activity Levels*Number of taxis serving one or more trips in a typical day*

Company	Total in service per day	Dispatch trips	3 Metro Stands	Airport	Active Fleet
Columbus	41	0	3	37	46
Diamond	116	63	46	51	132
King	44	0	1	44	57
VIP	54	0	0	53	58
White Top	94	40	25	69	101
Yellow	203	176	52	42	212
Total	552	279	127	295	606

Pct of total fleet appearing in one-day data

Company	Total in service per day	Dispatch trips	3 Metro Stands	Airport
Columbus	89%	0%	7%	80%
Diamond	88%	48%	35%	38%
King	77%	0%	2%	78%
VIP	93%	0%	0%	91%
White Top	93%	40%	25%	68%
Yellow	96%	83%	25%	20%
Total	91%	46%	21%	49%

cabs at airport based on average # observed on each of 3 days. Dispatch based on # observed each of 2 days of call data from Yellow/Diamond; White Top based on management report that 40 drivers answer radio calls. Metro stands based on 3 days of observations; likely to undercount total at all stands.

Table 5. Trips per taxi

	Trips	Cabs in service	Trips per cab
Columbus	266	41	6.5
Diamond	957	116	8.2
King	300	44	6.8
VIP	327	54	6.1
White Top	860	94	9.2
Yellow	1,920	203	9.5
Total	4,630	552	8.4

Appendix B. Customer Survey

How often do you take an Alexandria taxicab?

	Pct.
At least once a week	20%
Between once a week and once a month	32%
Between once a month and once every 3 months	29%
Less than every 3 months	19%
Total	100%

How do you rate ...

	Excellent	Good	Poor	Total
Overall quality of taxi service in Alexandria	17%	71%	12%	100%
Courtesy of reservationists	15%	67%	18%	100%
Taxi being available when you call	28%	62%	11%	100%
How long you wait for cab to arrive after telephoning taxi company	16%	59%	25%	100%
Availability of cabs at taxi stands	28%	58%	14%	100%
Quality of drivers	13%	71%	15%	100%
Quality of vehicles	8%	62%	30%	100%

Considering the fares and service provided by taxicabs in Alexandria would you say taxicabs are:

	Pct.
A good value for the money	61%
Not a good value for the money	39%
Total	100%

What would be the most important improvement to taxi service for you personally?

Availability of cabs - total	26%
Reliability, on-time, quick arrivals	19%
Availability at taxi stands	3%
Availability for hail	2%
More taxi stands	2%
Fares - total	25%
Expensive; too many surcharges	21%
Overcharging, long route, inaccurate meters	4%
Vehicles - total	22%
Condition, age, cleanliness	19%
Air conditioning	3%
Need vans	0%

Drivers - total	22%
Geographic knowledge	7%
Courtesy/politeness	7%
English language	3%
Cell phone use	3%
General comments	3%
Safe driving	1%
Refusing fares	1%
 Reservationists (courtesy, knowledge)	 5%

If this improvement were made would your use of taxicabs:

	Pct.
Increase a little	43%
Increase a lot	27%
No change	30%
Total	100%

When you called an Alexandria cab company for a ride in the past month were you:

	Pct.
Always able to obtain a taxi when you wanted one	71%
Sometimes able to obtain a taxi	28%
Never able to obtain a taxi	1%
Total	100%

How long did you wait for the cab to arrive the last time you called and were picked up by a cab in Alexandria?

	Pct	Cumulative pct.
0-5 min	26%	26%
6-10	27%	52%
11-15	20%	73%
16-20	12%	85%
21-30	10%	94%
31-45	4%	99%
46+	1%	100%
Total	100%	

Was this a reasonable amount of time to wait for the cab to arrive?

(Crosstab with wait time last time called a cab)

	Yes, reasonable wait	No, not reasonable wait	Total
0-5 min	98%	2%	100%
6-10	96%	4%	100%
11-15	72%	28%	100%
16-20	23%	77%	100%
21-30	15%	85%	100%
31-45	0%	100%	100%
46+	0%	100%	100%
Total	70%	30%	100%

**What taxi companies have you called in the past 6 months for a pick up in Alexandria?
(check all that apply)****Which company do you use most often?**

	Called in past 6 months	Call most often
Alexandria Yellow	83%	60%
Diamond Cab	44%	23%
White Top Cab	20%	8%
Red Top Cab	21%	9%
King Cab	3%	1%
VIP Cab	3%	1%
Columbus Cab	1%	0%

Do you call taxis through the DOT program (rides for persons with disabilities)

	Pct.
Yes	1%
No	99%
Total	100%

Do you call taxis through the City's Senior citizen program?

	Pct.
Yes	1%
No	99%
Total	100%

Are you:

	Pct.
Female	54%
Male	46%
Total	100%

Are you:

	Pct.
18-25	19%
25-34	23%
35-44	22%
45-54	16%
55-64	15%
65 and over	4%
Total	100%

Do you generally have a car available for your use?

	Pct.
Yes	74%
No	26%
Total	100%

What is your home zip code?

	Pct.
22304	30%
22302	23%
22314	21%
22301	10%
Other	17%
Total	100%

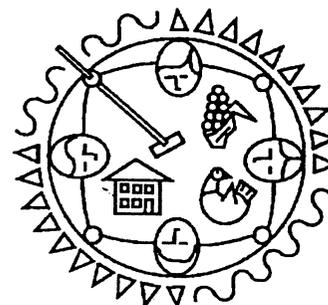
Appendix C. Yellow Cab/Diamond Cab Response Times

	Yellow/ Diamond total	Yellow Cab	Total	Diamond		
				DOT (para- transit)	Sr. Citizen Services	Other Diamond
Total calls (2 days)	4,424	3,368	1,056	292	141	623
Trips completed	3,438	2,580	858	240	116	502
Response time 0-15 min.	84%	87%	77%	71%	81%	79%
Response time 16+ min.	16%	13%	23%	29%	19%	21%
Pct. "fast meters"	9%	9%	9%	11%	13%	7%

17
5-25-04

CITY MANAGER'S OFFICE
ALEXANDRIA, VA

2004 MAY 17 P 5:01



Alexandria United Taxi-driver Organization (AUTO)

Philip Sunderland
City Manager
Room 3500
Alexandria City Hall
301 King Street
Alexandria, VA 22304

May 17, 2004

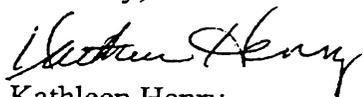
Dear Mr. Sunderland:

Please find enclosed the Compromise Proposal by Alexandria United Taxi-drivers Organization and Alexandria Yellow Cab. Please docket the proposal for a vote at the May 25, 2004 City Council meeting.

Alexandria United Taxi-driver Organization wishes to withdraw from consideration the AUTO Compromise Plan which has been before the council for the past year. AUTO supports only one plan, the attached A Compromise Proposal by Alexandria United Taxi-drivers Organization and Alexandria Yellow Cab.

Thank you for your attention to this matter. I can be reached at 240-605-2223.

Sincerely,


Kathleen Henry

Cc: Jack Mooney, Esq.
Lonnie Rich, Esq.
Tomas Culpepper, Transportation Department

COMITE DE APOYO DE INQUILINOS Y TRABAJADORES • TENANTS' AND WORKERS' SUPPORT COMMITTEE
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kathleen_twsc@hotmail.com

Printed: Saturday, May 15, 2004 2:41 AM

From : Lonnie C. Rich <LCRich@rgrclaw.com>
Sent : Friday, May 14, 2004 3:04 PM
To : "Kathleen Henry" <kathleen_twsc@hotmail.com>
CC : "Jim Yates" <jyates@southernvirginia.edu>
Subject : RE: AUTO/Yellow Compromise Proposal

Kathleen --

Thank you. I do think that what is on the "compromise" paper (as amended) is agreed to as one of the acceptable proposal to Yellow, even though we (and probably you) have some reservations about it.

As to details that may be in the rest of the AUTO proposal, we have not focussed on these much less agreed to them. Once Council decides a framework, we will start digging into the details for fleshing out whatever framework the Council chooses.

Lonnie

-----Original Message-----

From: Kathleen Henry [mailto:kathleen_twsc@hotmail.com]
Sent: Thursday, May 13, 2004 6:12 PM
To: lcrich@rgrclaw.com
Subject: AUTO/Yellow Compromise Proposal

My apologies for the language change. I will adjust the proposal as you indicated and resubmit to the Council and the City Manager. I did not see a provision in our compromise agreement which addressed the annual survey by the city and certificates that might be issued as a result of that, and my understanding of our agreement was that that circumstance would be according to the AUTO proposal. I agree that most certificates will be handed out through the companies' request through the backfill process. I also anticipate that, with a waiting list, drivers as well as companies might petition the city for new certificates to be issued, and thought we should have a measure for that.

Still, it is not part of the substantive agreement we have, so we will withdraw it. The rest of the proposal is as agreed.

Thank you.
Kathleen Henry

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A Compromise Proposal by Alexandria United Taxi-drivers Organization and Alexandria Yellow Cab

1. TAXICAB CERTIFICATE CARDS

When the law is adopted, Taxicab Certificate Cards will be issued to the current drivers of the cabs covered by existing Taxicab Certificate Cards. Going forward, any driver who qualifies for a taxicab face card will be put on a waiting list for the Taxicab Certificate Card. Any taxicab Certificate Card issued as part of a backfill petition by a company will be issued to a driver the company selects from the waiting list. There will be only one certificate card per driver. Taxicab Certificate Cards will be transferable.

2. MOVEMENT

- a. Certificate of Public Convenience and Necessity open-ended, 50% of existing Taxicab Certificate Cards maximum per company.
- b. Drivers are free to affiliate or non-affiliate, non-affiliated have one color
- c. Companies are dispatch and non-dispatch. Need reasonable definition of dispatch that provides instantaneous dispatch to multiple drivers in a zone.
- d. Before a driver can affiliate with another company or become non-affiliated, the driver must settle any accounts payable with their current company.

3. NEW COMPANIES

New companies must have a minimum of 100 drivers to start and 50 drivers to continue. At start-up, drivers for new companies must come from then current drivers with certificate cards; after start-up, companies can backfill as provided below. New companies must be dispatch companies and must meet reasonable City requirements (financial or otherwise) to start the company.

Same type of open-ended certificate as above with same maximum of 50% of existing certificate cards.

4. BACKFILL

Non-dispatch companies can backfill with existing certificate holders only.

Dispatch companies can backfill when drivers leave under the following conditions:

- a. The company may attract any driver with a Taxicab Certificate Card whether affiliated or not.

- b. The company may petition the city for new Taxicab Certificate Card(s) to be issued providing the company can show a reasonably auditable call volume.
- c. The company may put on cars that will be driven by Taxicab Certificate Card holders. In other words, the company may own the cab and lease it (or sell it over time) to a driver with a Taxicab Certificate Card.

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May 12, 2004

Mayor and Members of Council
City Hall – Room 2300
301 King Street
Alexandria, VA 22314

Re: Proposals for Improving the Taxicab Industry

Dear Mayor, Members of Council:

I am writing on behalf of Jim Yates, who owns Yellow and Diamond Cab companies.

After tonight, you will have three major proposals for improving the taxi industry.¹ First, you will receive a report with the Taxi Work Group Recommendations. As a part of that report, you will receive an early draft version of the AUTO/Yellow Compromise.² In the report, you will also receive our "Pure Two Tier" proposal,³ but I have enclosed a separate copy for your convenience.

Jim Yates can support any of the three proposals, although not all to the same degree or for the same reasons. We believe that our "Pure Two Tier" is the best proposal.

With each of these proposals, there will be advantages and disadvantages for the public, the City, the cab companies and the drivers. While these cannot be predicted with a perfect certainty, most can be fairly anticipated, based on our local history and our knowledge of human nature and the effects of competition.

¹ There are other proposals contained in the report which should be considered, but I do not think they have appreciable broad-based support.

² There is general agreement on a framework, but there are many details to be worked out. There are several drafts none of which have been agreed to in all stated respects.

³ Our proposal is supported by White Top.

The **Taxi Work Group Recommendation**, which proposes taking 100 certificates from the companies on a percentage basis and giving them to the drivers. Essentially, this is a variation of our two tier proposal (two tiers in each company – each company will control a substantial percentage of their certificates and drivers in each respective company will control a small percentage. We feel certain that this will be totally unacceptable to a large number of drivers who do not get their own certificate cards. And if more than 100 or 150 are taken from the cab companies, then the Taxi Work Group recommendation will evaporate because most of the companies, especially the smaller ones will oppose it. Furthermore, if more than 150 are approved, it is likely that only one dispatch company (Yellow) will remain when all the dust settles. Also, this proposal depends on the having a strong definition of “dispatch” and more importantly an enforcement mechanism to ensure compliance. Given the City’s unwillingness to enforce the current rules for 20 years – and for the legitimate reason of not wanting to put a small minority-owned company out of business – what is going to create a willingness to enforce the rules and put such a company out of business in the future?

Regarding the **AUTO/Yellow Compromise**, there would be the greatest freedom for the drivers to move and be able to sell their certificates. The dispatch companies who are truly providing business and services for the drivers should be able to thrive by attracting drivers or by backfilling with new certificates if they have the call volume to support their request. The disadvantages to this system is concern that companies will not be able to manage drivers to take the short or difficult trips. The power to backfill gives some leverage over drivers who may not want to cooperate; however, with their own certificate cards, the drivers can leave and the company will only be able to backfill after a request to the City and then finding and training a new driver. It can reasonably be anticipated that service will deteriorate to some degree. Possibly this can be remedied (at some considerable cost to the City) by providing minimum fares that are higher than normal per trip rates for the short, difficult trips. The City will have another disadvantage in that there will be any number of non-affiliated drivers for whom the City must answer when problems arise; the City will also have to manage the transfer and sale of certificates and resolve disputes over who owns the certificate cards. All of this will necessitate additional staff. Another consequence of this proposal is that the three smaller companies and Diamond will probably be put out of business, unless they become dispatch companies and then there will be issues of the City’s willingness to enforce its rules regarding dispatch and call volume.

Regarding our **“Pure Two Tier Proposal”**, the second page of the proposal lists the advantages and disadvantages. The most important advantage would be that dispatch companies would best be able to ensure the short or difficult trips because they control the certificates. This proposal also ensures the greatest likelihood that White Top will survive, because it will control its certificates and can therefore provide some degree of competition within the City. This is the only proposal that allows: 1) White Top to survive and 2) The smaller companies to exist and compete for drivers who have their own certificate cards. In effect, this proposal legitimizes the current practices, eliminates the fiction that all cab companies are dispatch companies, and avoids administrative burdens and costs on the City. This is the only proposal that recognized

that we have two systems (dispatch and airport), allows them to operate as such, and rewards the dispatch companies (and their drivers) that have played by the rules all these years. This proposal also solves the biggest problem – namely airport drivers wanting their certificates to be able to force down the stand dues because they get little or no service from the companies. We believe that this proposal is supported by the strongest public policy reasons. We recognize that AUTO will oppose this proposal because many drivers will not get their certificate cards. At least, those who don't have their certificate cards will be with companies that provide dispatch services and those drivers would be able to work the airport without competition from the drivers who have their certificates but can only work the airport. Also with this proposal, there will be no potential for bloating the industry with new cabs as there is under the AUTO/Yellow Compromise proposal.

The Council has difficult choices. In the end, you must decide “whose ox is going to be gored.” Anything you do will have consequences, even if we cannot predict them with perfect certainty.

We urge you to study the proposals, listen to the affected public as well as drivers and company owners. As we have often said before, we think you ought to make your decision based on what is in the best public interest, not what may be in the personal interest of either the drivers or of some or all companies. That is why we believe the best proposal is the “Pure Two Tier” system. What is truly unfortunate is that Council did not do this a couple a years ago when staff first proposed and we supported it.

For tonight, we hope that you will receive the report and docket it as recommended by the City Manager. My only suggestion is that you may want to have a public hearing prior to selecting the framework. That would enable the customers who did not participate in the work group to have a say.

To reiterate, Jim Yates can support any proposal. The only proposal we cannot support is one to do nothing and keep everything the same.

If you have any questions, please contact me. We look forward to working with all of the interested parties in coming up with what is best for the City and the interested parties.

Sincerely,



Lonnie C. Rich

c: Jim Yates, Alexandria Yellow Cab. Inc.
Phil Sunderland, City Manager

Draft "Pure Two Tier" Proposal

ITEM	DISPATCH (AYC and White Top)	NON-DISPATCH (Diamond, VIP, King and Columbus)
1. Master Certificates	Issued to Companies	Issued to Drivers who must affiliate with some Company
2. Permits (Certificate Cards)	Issued to/Controlled by Companies	Issued to/Controlled by Drivers – only one per Driver, who must operate cab
3. Movement	Drivers can move from Dispatch Co. to Dispatch Co. without Permits (Certificate Cards) based on availability	Drivers can move from Non-Dispatch Co with their Permits (Certificate Cards) to any Dispatch or Non-Dispatch Company
4. Size of company	No more than 50% of 645 (322) A Company can request an increase based on verifiable call volume	No more than 50% of 645 (322)
5. Replacement	Company replaces as in current system; if Company obtains Drivers with their own Permits (Certificate Cards), Company can replace with new drivers if call volume to support	Permit (Certificate card) pool only
6. Sale/Transfer	Companies can sell/transfer to another company subject to reasonable regulation by City	Driver can sell/transfer subject to reasonable regulation by City
7. Radio dispatch	24/7/365	Not required
8. Service	City and/or airport	Airport only (No working the stands)
9. City fees	Minimal \$10 - \$12 (one time)	\$100 or more depending on City, expenses
10. Frequency of Movement	Monthly	Monthly
11. Approval of Movement	Company to receive driver and after settling with former Co.	Company to receive driver and after settling with former Co.
12. New Companies	Must be dispatch – petition as in current law	None
13. Appeals	Taxi Administrator to City Mgr	Taxi Administrator to City Mgr

NOTE: Must have a reasonable definition of "dispatch" that involves instantaneous dispatch to multiple drivers in a zone.

Advantages of this proposal:

1. This proposal will best ensure public service for the seniors, disabled and those in less affluent neighborhoods. If drivers controlled their certificates in the dispatch companies, it would be more difficult for the companies to ensure service for short, less remunerative trips. (Even in the AUTO/AYC compromise proposal -- all certificate cards are issued to drivers, but dispatch companies can replace drivers -- there would be some deterioration in service simply because a driver can leave at any time if he doesn't want the short trips. And it will take time for the company to replace and train the driver to handle these trips.)

[NOTE: Whether under the current system or with this proposal, the City needs to provide greater financial incentive for drivers to handle these short trips.]

2. This proposal should foster competition among dispatch companies in that it rewards the dispatch companies by giving them control of their certificates. With control of the certificates, the companies will have the financial stability necessary to invest in equipment, advertising, and personnel necessary for more effective dispatch operations.

3. Drivers for dispatch companies are rewarded with broader service opportunity. Because airport drivers are restricted to airport only, drivers for dispatch companies are rewarded since they will have the full benefits of dispatch and airport service to augment their incomes.

4. Preserves non-dispatch companies who will compete for drivers based on stand dues. Even though non-dispatch companies provide little or no service to the drivers, they do provide a management function for the City and the public.

5. Drivers for non-dispatch companies will control their own certificates and can move from non-dispatch to non-dispatch company in an effort to reduce the stand dues. They can even move to a dispatch company with their certificate.

6. This proposal does not substantially increase the administrative burden on the City because all drivers would be affiliated with a company. There would be no independent drivers.

Disadvantages:

1. Some, but not all drivers, will control their certificate.

2. Only drivers with their own certificates could "legally" sell or transfer them. As a practical matter, however, there is some value now for a driver who sells his car and gets the cab company to issue the certificate card to the buyer.

3. Non-dispatch companies will be subjected to naked competition (based almost solely on stand dues) for drivers in a closed system, since there are a limited number of drivers who control their own certificate. But at least they can continue to exist.