

## City of Alexandria, Virginia

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## MEMORANDUM

DATE: JANUARY 24, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: REPORT OF TAXICAB TASK FORCE AND CONSIDERATION OF  
OPTIONS RECOMMENDED BY TASK FORCE

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**ISSUE:** City Council receipt of Taxicab Task Force report and consideration of the options recommended by the Task Force for changes in taxicab industry regulations.

**RECOMMENDATION:** That City Council:

- (1) Receive the Taxicab Task Force Report (Attachment 1), which includes the Task Force's options regarding changes to taxicab industry regulations;
- (2) Receive the results of the Traffic and Parking Board's review (discussed below in this memorandum) of the Taxicab Task Force Report and recommended options;
- (3) Receive this memorandum which sets out the results of staff's review of the Task Force Report and recommended options; and
- (4) Docket the Taxicab Task Force Report and recommended options for public hearing at Council's Saturday, February 22 public hearing meeting and, thereafter, consider whether to adopt any of the options.

**BACKGROUND:** On June 26, 2001, City Council established a Taxicab Task Force to review the Alexandria taxicab industry and develop recommendations for possible regulatory changes. The Task Force was charged with consideration of a number of concerns raised by some drivers, primarily relating to control of the certificates of public convenience and necessity which authorize the operation of taxicabs in the city. The Task Force consisted of: two representatives of Council, Vice-Mayor William Cleveland and Councilwoman Joyce Woodson; one representative of the Traffic and Parking Board, Tom Walczykowski; one representative of the Alexandria Commission on Persons with Disabilities, Chet Avery; two representatives of taxicab drivers, C. I. Dodhy and Randy Stephens; and two representatives of taxicab companies, John Muir, Yellow Cab, and Ken Aggrey, White Top Cab. Support staff was provided by Transportation and Environmental Services, Office of the City Attorney, and the Police Department's Hack Inspection Unit.

Beginning in 1975, certificates of public convenience and necessity ("Certificates"), which authorize the operation of taxicabs in Alexandria and without which a cab may not be operated in the City, were issued directly to the owners of individual taxicabs. By having individual taxicab owners (who were also drivers in most cases) directly accountable to the City, it was felt that the industry and its service to the public could be well regulated. At this same time, the City required each taxicab to be operated under the "colors" of an approved taxicab company, and assigned to each taxicab company a certain number of taxicab "slots" based on the company's showing of need (i.e., the number of taxicabs needed to provide adequate taxi service in the City). These slots were in turn assigned by companies to cabs whose owners had received a Certificate from the City.

Under this regulatory scheme, holders of Certificates (i.e., the owners of certificated cabs) were allowed to transfer with their cab from one to another taxi company at any time, provided that (1) the company from which the Certificate holder wished to transfer provided a letter to the City stating the he/she was in good standing with the company, and (2) the company to which the Certificate holder wished to transfer provided a letter to the City stating that it would accept the Certificate holder and it had an open slot which it would assign to the cab of the transferring Certificate holder. Also, under this regulatory scheme, since Certificates were in the hands of the owner-drivers who had substantial ability to move from one to another taxi company, it fell largely to the City, rather than the companies, to receive and investigate passenger complaints and to regulate driver conduct.

In 1982, the City transferred control of the certificates from the owner/drivers to the taxicab companies. The primary reasons for this change were (1) to improve the quality of taxicab service to the general public, and (2) to reduce the City resources required to address passenger complaints against the drivers and to manage the growing number of individual owner/drivers. Service complaints from the public had been increasing, and many new taxicab companies were being formed. This state of the industry was evidenced by the many taxicab matters (usually in the form of passenger complaints) that regularly occupied substantial portions of the meetings and time of the Traffic and Parking Board. In effect, by virtue of the regulatory scheme then in effect, the City had become a personnel office for the local taxi industry, expending significant staff time and resources investigating service complaints, disciplining taxi driver behavior, screening potential drivers, and otherwise managing the increasing number of drivers. For these reasons, beginning in 1982, the City Council revised the taxicab regulatory scheme, and began to assign to the taxicab companies the certificates of public convenience and necessity, along with the responsibility to manage the City's taxi drivers.

During the Traffic and Parking Board's 1994 annual hearing on the state of the taxicab industry, the United Taxi Cab Operators Association (UTOP) offered a proposal that would return the assignment of Certificates to the owners of taxicabs. That report was the subject of discussion for several years. On January 25, 1997, Council rejected the UTOP proposal, by a vote of 6 to 1. (A copy of the memorandum is attached as Attachment 2.)

At its January 24, 1998 meeting, City Council considered and tabled a UTOP proposal to create a working group to review taxicab issues.

In June 2001, again in response to UTOP concerns, Council established a Taxicab Task Force to review taxicab issues and offer recommendations for regulatory improvement. In the attached Taxicab Task Force Report, five options for regulatory change have been proposed for Council consideration.<sup>1</sup>

**DISCUSSION:** A significant issue considered by the Task Force was the control of the certificates of public convenience and necessity. Related issues were driver income, return on investment and treatment, the non-enforcement of City regulations on taxicab companies, the large number of certificates that are issued by the City and some fare-related concerns. Finding that no single measure satisfactorily addressed all issues, the Task Force recommended that Council consider the following options:

1. Institute a two-tier taxicab system, one tier for local dispatch and airport cabs and one tier for airport-only cabs.
2. Institute a Certificate recall in order to create a Certificate pool.
3. Require cab companies to provide drivers with a dispute resolution process.
4. Appoint taxicab industry representatives on the Traffic and Parking Board.
5. Methods, developed by staff, for issuing Certificates directly to long-term taxi drivers.

The Traffic and Parking Board considered the Task Force report at a special meeting on October 21, 2002. Considering each option separately, the Board made the following recommendations:

1. Two-Tier System. The Board recommended adoption of this option.
2. Certificate Recall and Certificate Pool. The Board recommended rejection of this option.
3. Dispute Resolution Process. The Board recommended adoption of this option, and asked staff to define and recommend who would pay for the use of outside parties in the process.
4. Industry Representation on the Traffic and Parking Board. The Board recommended rejection of this option.
5. Issuance of Certificates to Drivers. The Board recommended rejection of this option.

On January 24, 2003, four Task Force Members submitted a memorandum to Council presenting their views of the options presented in the Task Force Report. (A copy of this memorandum is attached as Attachment 3.)

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<sup>1</sup> In August 2002, the Tenants' and Workers' Support Committee began providing assistance to taxicab drivers. Staff understands that the Committee is developing a proposal to permit drivers to hold their own certificates. As of this date, staff has not received any proposal from the Committee.

The City's function and responsibility as regulator of the taxicab industry is to protect the public interest by ensuring the existence of sufficient, affordable, convenient and high quality taxi service throughout the City, while avoiding the existence of arbitrary and artificial inequities within the taxi industry. With this function and responsibility in mind, we offer the following analysis and views on each of the options recommended by the Task Force.

**1. Two-tier taxicab system with airport-only cabs and local dispatch-and-airport cabs.**

Staff does not support implementing a two-tier system due to recent changes in the local taxicab industry. The primary reason for recommending a two-tier system was to address the fact that the City Code requirement for 24-hour dispatch service was not being provided by the smaller taxi companies and was not being enforced by the City. The two-tier system was a way to eliminate the inequity that some companies were meeting the code requirement and incurring the expense of 24-hour dispatch service, and other companies were not.

Recently, however, the three taxi companies that had been operating without 24-hour dispatch service established a joint office in the City with 24-hour dispatch capability. As a result, all taxicab companies in Alexandria are now, or are soon expected to be, in compliance with the code's 24-hour code requirement. Thus, staff does not believe that a two-tier system is now needed or would offer sufficient public benefit to warrant its adoption and the changes it would impose upon the current City taxi industry. It should be noted that the smaller cab companies and many drivers expressed opposition to the recommended two-tier system.

**2. Certificate recall and creation of Certificate pool.** The Task Force proposed a recall of five percent of the existing Certificates as a way to create a pool of certificates that could be used to increase flexibility in managing the taxi industry or that could be assigned individual drivers (see Option 5 below). Staff supports reducing the number of taxicab Certificates,<sup>2</sup> but recommends that it be done through the Traffic and Parking Board as part of the annual process now set out in the City Code for reviewing the number of issued Certificates, rather than with a special certificate recall.

During the past decade, the number of Certificates has been increased more than the corresponding demand for taxi service and, as noted (see note 2) the current per capita number of certificates in Alexandria is higher than in other jurisdictions. Through tighter regulation, the number of certificates can be better managed and brought into a better alignment with the

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<sup>2</sup> The current number of Certificates issued by the City is 645. This amounts to 4.9 Certificates for every 1,000 residents of the City. According to a 1997 survey for the *1997 Taxicab Fact Book*, Alexandria was reported to have the highest number of taxicab certificates per 1,000 residents of all reported jurisdictions. In the Washington, D.C. metropolitan area, Arlington was reported to have 3.46 certificates per 1,000 residents, the second highest number reported, and Fairfax County was reported to have 0.48 certificates per 1,000 residents. The Philadelphia metropolitan area and New York City were reported to have 0.96 and 1.5 certificates per 1,000 residents, respectively.

demand for taxi service in the City. Moreover, if the total number of certificates were reduced, the supply of taxi service in the City would be correspondingly reduced and the earning potential of individual drivers would increase. Staff feels that the number of issued Certificates likely needs to be reduced over time, and recommends that this be accomplished (or at least that the consideration of this reduction occur) through the process currently in the Code that calls for an annual staff review of the economic condition of the taxicab industry and the presentation of that review and any recommendations to the Traffic and Parking Board. A reduction in the number of certificates in this manner will provide as much, if not more, regulatory flexibility as the Certificate recall process proposed by the Task Force and accepted by the Board. Moreover, if justified by service demand, this process enables the City to issue additional Certificates to meet that demand.

**3. Dispute resolution process.** Staff supports requiring that a formal dispute resolution process be available for resolving significant disputes between companies and drivers. The Task Force contemplated implementing this process by requiring that a dispute resolution provision be included in all company/driver contracts. Staff feels the dispute resolution process should be established in City Code to ensure a uniform requirement and its uniform application. In this manner, all companies holding Certificates would be required, as a condition to holding their Certificates, to provide for their drivers a uniform dispute resolution process. The nature of this process would be set out in guidelines issued by the City at the time the requirement for a process was added to the City Code. Those guidelines, it is envisioned, would define the types or nature of disputes that are subject to the required resolution process, and would require that the process itself contain at least two parts or steps. The first would require drivers to submit their complaint in writing to the company, which would then appoint a member of its management who is not a party to the particular dispute to meet with the driver. The second would occur if the dispute is not resolved to the satisfaction of the driver as a result of the first step meeting, and would have the dispute heard and decided by an impartial, third party. The Code or the guidelines would define the manner in which the cost of these third parties would be paid.

**4. Appointment of taxicab representatives to Traffic and Parking Board.** Like the Board itself, staff does not support this option. Since the Certificates were transferred to the companies in 1982, the Traffic and Parking Board hears taxicab-related matters on an infrequent basis. In order to maintain balanced company/driver representation, two of the seven Board seats would have to be "assigned" to the taxicab industry, which would not be commensurate with the amount of Board time typically spent on taxicab issues. Staff feels that it would be more appropriate for the Chairman of the Traffic and Parking Board to appoint a special committees to hear taxicab related issues on an as-needed basis. These committees would consist of a few Board members, would receive input on the questions at hand from taxi drivers and companies, as well as consumers and special user groups (such as the Alexandria Commission on Persons with Disabilities), and make recommendations to the full Board.

**5. Issuance of certificates directly to long-term drivers.** Like the Board, staff does not support this option.

A certificate recall was proposed as a way to make some of the existing certificates available for possible assignment to a select group of long-tenure drivers (see Item 2). Based on the proposed five percent recall, a maximum of 31 certificates would be available for assignment among more than 1,000 drivers. Any benefits provided by driver-held certificates would accrue to only about three percent of the current drivers. The narrowly-held distinction among drivers that would result from this option would not provide any general driver benefit, eliminate any regulatory inequity or protect the regulated public interest.

The apparent purpose in assigning Certificates to drivers was (i) to provide these drivers with an asset -- i.e., something possessing real value -- that could be sold at retirement and (ii) to increase the negotiating power of these drivers with taxi companies.

With respect to the "asset" purpose, it is important to note that, in 1982 when the City began issuing Certificates to taxi companies rather than drivers, Council decided to "grandfather" the drivers who then possessed taxi Certificates, meaning that they were allowed to continue holding their Certificates. However, under rules then in effect, which remain in effect today, those drivers were not allowed to sell or transfer their "grandfathered" Certificates when they decided to leave the taxi industry. Rather, they were required to return the Certificates to the City unless a transfer to the company with which they were affiliated was approved by the City Manager. In other words, even under the City's pre-1982 regulatory scheme, driver-held Certificates were not allowed to be sold; in this sense, therefore, Certificates have never been an asset that have accrued value for, and were capable of delivering real value to, the drivers who held them. Thus, if Certificates were now to be directly issued to drivers and to be permitted to be sold by drivers on a "Certificate market," this would represent a an entirely new regulatory scheme that has never been in effect in the City.

Based on limited financial data available to staff, an Alexandria taxicab Certificate, if allowed to be sold in an open market, might obtain \$5,000 to \$10,000. This estimate is based on the recent sale of an Alexandria taxi cab company.<sup>3</sup> This is obviously an amount far less than taxicab "medallions" in New York City which have a market value in excess of \$100,000. Of course, in New York, the demand for cab service is substantially larger than in Alexandria, and the number of cabs per capita is substantially lower than in the City. Even if driver-held Certificates were allowed to be sold, therefore, their value does not appear to be substantial.

Issuing certificates to drivers may improve their negotiating position with the companies if Certificate-holding drivers were able to unilaterally transfer with their Certificates to other companies. However, we question the wisdom of increasing the negotiating position of a few

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<sup>3</sup> The recent sale of a local cab company, whose assets were solely its Certificates, involved a sales price that reflected a value of approximately \$5,000 for each Certificate.

drivers, vis a vis the companies, which is what Options 2 and 5 call for, but not the far larger number of drivers who will not be holders of Certificates. Moreover, we believe the provision of a dispute mechanism (Option 3) will improve the negotiating ability of all drivers.

Finally, we do not support issuance of Certificates to drivers, whether to a few or all, because there is no significant, legitimate public policy reason to do so. As earlier indicated, the City's goal in regulating the taxi industry is to protect the public interest by ensuring the existence of sufficient, affordable, convenient and high quality taxi service throughout the City. For at least the past 15 years, this goal has been achieved under the current regulatory scheme. For years, both the supply and quality of taxi service delivered throughout the City has been quite satisfactory. In short, staff believe there is no need, in order to enhance the quality of the City's taxi service, to alter in a very fundamental way the nature of the regulatory system that, for almost two decades, has delivered high quality taxi services to the citizen of Alexandria.

**ATTACHMENTS:**

Attachment 1. Taxicab Task Force Report

Attachment 2. January 10, 1997 Memorandum to City Council from F. Andrew Carroll, III,  
Counsel for UTOP

Attachment 3. January 24, 2003 Memorandum to City Council from four Task Force Members

**STAFF:**

Richard J. Baier, P.E., Director, Transportation & Environmental Services

Thomas H. Culpepper, P.E., Deputy Director, Transportation & Environmental Services

**Taxicab Task Force**  
**Prepared by: T&ES Staff**  
**October 21, 2002**  
**Revised December 10, 2002**

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History of Taxicab Industry  
Minutes of Task Force Meetings

Revised 12/23/02

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## EXECUTIVE SUMMARY

This report contains the findings developed by the Taxicab Task Force. The Task Force dealt with one main issue and six related issues. The main issue was the control of the Certificates of Public Convenience and Necessity (certificates). The related issues were: 1) driver income; 2) driver return on investment; 3) driver treatment; 4) non-enforcement of regulations; 5) excessive certificates; and 6) fare related issues.

The Task Force considered seven options for the Alexandria taxi industry. These options were: 1) do nothing and continue operating with the existing system; 2) implementing a medallion system; 3) implementing a two-tier system with two types of taxicab service - airport only cabs and local dispatch cabs; 4) an employee-owned cooperative taxicab company; 5) a City-owned taxi company; 6) a full-service taxicab firm; and 7) the UTOP proposal.

After careful consideration, the Task Force determined that no one option addressed all the issues. Therefore, the Task Force developed the following five recommendations:

- 1) Institute a two-tier system where there are two categories of taxicabs - airport cabs and local radio-dispatch cabs. The airport taxicabs would only pick up passengers from the airport and would not take passengers from the City to the airport or work the local cab stands. The local radio dispatch cabs would handle everything else and would be able to pick up at the airport;
- 2) Institute a certificate recall to create a certificate pool. The purpose of the certificate recall is to create a pool of certificates to increase flexibility in managing the taxi industry. The goal is to recall five percent of the certificates over a two-year period and place those certificates into a pool. If needed, the certificate recall would be continued after the second year. Once the certificates are in the pool several things could be done. If there were more than enough existing certificates to meet the demand for taxi service, the certificates in the pool could be retired. The certificates in the pool could also be reissued to help start up an employee-owned taxi company or given to a specific group of drivers meeting certain criteria such as years of service.
- 3) Change the City Code to require that the cab companies incorporate a dispute resolution process to handle disputes between drivers and the cab companies. The City Code would be revised to require that cab companies include language in their driver contracts specifying that disputes between drivers and the companies be dealt with through the American Arbitration Association under its Commercial Mediation Rules, or a completely independent person when disputes can't be mutually resolved.
- 4) Have dedicated taxicab representatives on the Traffic and Parking Board. A person from the taxi industry would be appointed to the Traffic and Parking Board. The proposed board member could be either a driver or someone from a taxi company. This would not be a new seat but simply replace one of the existing Board members when their term expires. **Alternatives to address taxicab industry representation would be to appoint two representatives from the**

industry to the Traffic and Parking Board (one from the companies, one from the drivers) or to create a standing committee of the board, with a charge of advising the board on taxi industry matters, which would have representative of taxi companies and a representative of drivers on it.<sup>1</sup>

5) The Task Force recommended that staff develop a concept to issue certificates directly to long-term drivers who have driven an Alexandria taxicab for many years. Per the Task Force recommendation, staff developed the following two options: 1) Long-term drivers be issued a grandfather type certificate; or 2) Drivers be issued "free agent" type of certificate.

In option one, the long-term (e.g., eight years)<sup>2</sup> drivers would be issued one of the 31 certificates in the certificate pool created by the certificate recall. This certificate would entitle the driver to all of the rights that the existing grandfather certificates provide. It needs to be pointed out that the existing grandfather certificates only allow a driver to operate a taxicab under the colors of an existing Alexandria taxicab company. In certain situations the grandfather certificate provides some flexibility to move the certificate between companies. The certificates would be issued on a driver seniority basis. It also needs to be noted that neither the City or the cab companies have records indicating the longevity of the drivers.

In option two, drivers meeting certain criteria<sup>3</sup> would be issued one of the 31 certificates in the certificate pool. This certificate would allow drivers to move freely between companies once every year. The free agent certificates will not be transferable between drivers and so can only be used by the driver who the certificate was issued to. The selection criteria defining which drivers are issued the certificates would be developed to force accountability onto the drivers. First, only drivers with vehicles less than five years old would be issued a free agent certificate. If a certificate holder's vehicle becomes older than 5 years old, the certificate will be revoked and issued to another driver. Second, the certificate holder cannot have any legitimate complaints against him or her. If a legitimate complaint is raised and found valid by the Traffic and Parking Board, the certificate will be revoked and issued to another driver. Third, the certificate holder

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<sup>1</sup> This addition is in response to Councilwoman Joyce Woodson's comment, "Since these two groups don't get along, nor have similar agendas, I don't see one representative for both groups. Probably one from each."

<sup>2</sup> This change is in response to Councilwoman Woodson's comment, "How many years?" The number of years should represent a driver who has invested significant money and time in the industry. A period of five to 10 years appears to meet this factor, and hence a term of eight years is given, as an example, in the text.

<sup>3</sup> In response to Councilwoman Woodson's comment, which addressed the second option presented in the text and was "No--should be based on years of service only." The first option in the text is based on years of service only; the second option is intended to provide an alternative means of allowing drivers to move between companies.

would be required to drive under the colors of an established Alexandria taxicab company. Lastly, the certificates would be issued to drivers in all six cab companies based on the percentage of cab slots a company has of the total number of cabs authorized to work in the City. Based on this, the number of free agent certificate holders each company would initially have would be as follows: Columbus would have two free agents; Diamond would have seven free agents; King would have three free agents; VIP would have three free agents; White Top would have six free agents, and Yellow would have 10 free agents.

The advantage to drivers of holding their own certificate is that the certificate provides tremendous leverage when dealing with the cab companies. The only income a cab company has is revenue from the stand dues charged to the drivers. The more certificates a company has, the more revenue the company can collect from the drivers. Consequently, if a driver has control of a certificate, the driver can take that certificate and move to another company, thus, leaving the first company with one less certificate to collect stand dues from. ~~Most companies will then lower stand dues and overlook many customer complaints in an effort to keep the driver from moving the certificate to another company.~~<sup>4</sup>

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<sup>4</sup> The striking of this language is in response to Councilwoman Woodson's comment, "not reasonable conclusion - more likely drivers will be treated more respectfully and stand dues will pay for something."

## **INTRODUCTION**

On June 26, 2001, a Taxicab Task Force was established to investigate the Alexandria taxicab industry and develop recommendations for improvement. This report contains the recommendations developed by the task force. The task force dealt with one main issue and six related issues. The main issue was the control of the Certificates of Public Convenience and Necessity (certificates). The related issues were: 1) Driver income; 2) Driver return on investment; 3) Driver treatment; 4) Non-enforcement of regulations; 5) Excessive certificates; and 6) Fare-related issues.

### **History of The Alexandria Taxi Industry**

There is a long history associated with control of the certificates. From 1974 through 1982 the certificates were held by the drivers. Having the drivers hold the certificates created a number of problems. Service to the public began deteriorating, passengers were being over charged, many new taxicab companies began opening up, the Traffic and Parking Board heard many, many taxicab complaints running late into the night. Because of all these problems, the certificates were assigned to the taxicab companies in 1982. Since the taxi companies have held the certificates the problems of the past were virtually eliminated.

At the October 24, 1994, annual hearing of the Alexandria Traffic and Parking Board on the State of the Taxicab Industry, the United Taxi Cab Operators Association, Incorporated (UTOP) made a request to change the holder of the certificates from the taxicab companies to the taxicab owners. Chairman Schumaier indicated that the Taxicab Subcommittee would meet to discuss the proposal. The UTOP proposal was never adopted.

On January 25, 1997, City Council considered the UTOP proposal that the City issue taxicab certificates to individual taxicab owners rather than taxicab companies and enable taxicab drivers to transfer from one taxicab company to another every two years. The Council voted 6 to 1 to maintain the way in which the City issues taxicab certificates. At the January 13, 1998, City Council legislative meeting, Vice Mayor Euille asked staff to include an item on the Saturday, January 14, 1998, Council docket to create a working group to review the issues raised by UTOP and provide Council with a report by the end of 1998. This was tabled by City Council and no action was taken.

### **Explanation of Existing Operations**

The Traffic and Parking Board has jurisdiction over taxicabs and their owners and operators in Alexandria. The Board regulates the number of cabs allowed to operate in the City as well as hears complaints.

Alexandria's existing taxicab system consists of six privately-owned taxicab companies with a combined total of 645 cabs in operation. The number of taxicabs that each company operates is

regulated by the number of certificates the City issues through the Traffic and Parking Board to each company. The cab drivers operate as independent contractors to the cab companies. The cab driver owns and maintains the taxi while paying the taxi company stand dues in exchange for services provided by the company. The stand dues are a fixed amount, not related to the number of hours a cab operates or the income a cab earns. All fares are earned and kept by the driver. Some drivers lease their cabs to other drivers during the times when the driver/owner is not driving the cab. Some of the taxi companies own several cabs which are leased to drivers; however, most drivers prefer to own their own cab. Some of the drivers also own a small fleet of cabs which they lease to other drivers. The companies deal with most complaints, must keep certain records, and are required to maintain a 24-hour dispatch service.

The demand for taxi service in Alexandria is not sufficient to support all six cab companies having an independent dispatch service as required by Code. A 24-hour-a-day, seven-day-a-week dispatch service is expensive to operate - too expensive to be feasible for the smaller cab companies. Consequently, several of the smaller cab companies do not have dispatch service and their cabs operate primarily out of the airport. There are three 24-hour dispatch companies providing full service and three airport-oriented companies that do not have the 24-hour dispatch required by City Code.

Some of the companies have also entered into contracts to provide social services transportation service.

### **Description of the Taxi Business in Alexandria**

The Alexandria taxi industry is an income-based industry, not a growth-based industry. The only form of income available to the taxi companies is revenue generated from stand dues collected from the taxi drivers. The only way to increase revenue is to increase stand dues or increase the number of taxicabs in operation. This is different than most other industries in that most industries have growth potential. That is, the value of the company increases over time. This is not the case with an Alexandria taxicab company. The value of an Alexandria taxicab company is mainly dependant on the income-generating capability of the company.

The Alexandria taxicab companies have taken two approaches to operation. The larger companies have invested in dispatch centers and entered into para-transit contracts to generate increased revenue for the taxi drivers. If the taxi drivers earn more money, the companies can charge higher stand dues. The smaller companies have taken a minimalist approach by providing limited support services to the drivers and charging much lower stand dues than larger companies.

## **DRIVERS ISSUES**

The Taxicab Task Force found that there were six main issues that concerned the drivers. These issues were: 1) Driver income; 2) Driver return on investment; 3) Driver treatment by the cab companies; 4) Non-enforcement; 5) Excessive certificates; and 6) Miscellaneous fare related issues.

### **Driver Income**

The drivers are concerned that driver income is too low for the amount of money invested. The drivers must purchase their vehicle, while also paying for stand dues, gas, maintenance, insurance, and other operating costs. The Task Force had no data on actual driver incomes to evaluate.

### **Driver Return on Investment**

The drivers are concerned that they get very little return on their investment. The driver must purchase the vehicle and pay all the operational costs for that vehicle. Typically, it will cost a minimum of \$4,000 to \$5,000 to purchase and equip a taxicab. As with most assets, the vehicle depreciates in value. When the driver chooses to leave the industry the driver has very little equity - only the value of the vehicle. While, at the same time, the driver bears a certain amount of risk. For example, if the vehicle breaks down the driver bears the repair costs and the vehicle is not generating any income because the vehicle is not in operation. However, even with an inoperable vehicle, the driver is still expected to pay the weekly stand dues to the taxi companies. Although this scenario is not different than many other business, the drivers perceive that they bear a disproportionate share of risk for the amount of money they must invest. The drivers are of the impression that while the driver bears most of the risk and realizes no increase in equity, the companies have very little risk yet increase in equity.

### **Driver Treatment**

The drivers are concerned that they are not treated fairly by the cab companies. The drivers perceive that the cab companies have considerable power to do as they wish with the driver. While on the other hand, the drivers are stuck because they have had to purchase a vehicle and if they choose to leave the company, they still may need to make loan payments on the vehicle. Since the drivers act as independent contractors to the cab company, the company can terminate the contract at any time.

### **Non-Enforcement**

The issue of non-enforcement of the regulation requiring that all cab companies provide a 24-hour dispatch service came up. This was a difficult issue because all of the companies claim to provide the dispatch service. The companies in question claim that they have dispatch but that

the drivers turn off the two-way radio so that it is difficult for the company to dispatch calls. The drivers, on the other hand, claim that because they never get dispatched the two-way radios in the cabs are just turned off.

### **Excessive Certificates**

There is considerable concern over the number of certificates. This was a particularly sensitive subject because while the airport was closed, all the airport cabs came into the City where there was not sufficient rider-ship to support the larger number of cabs. For comparison, Alexandria has five cabs per 1,000 population, Arlington has 3.6 cabs per 1,000 population, Washington D.C. has 10 cabs per 1,000 population, and New York City has 1.5 cabs per 1,000 population. Decreasing the number of certificates would serve to increase the workload of the remaining cabs, thereby increasing income for the drivers.

### **Fare Related Issues**

There were two fare-related issues that were considered - the minimum age for paying passengers and the cost for handling luggage. Both of these issues have been acted on.

## **OPTIONS CONSIDERED**

In dealing with these concerns the task force considered a number of alternative "remedies" including: 1) keeping the existing system; 2) a medallion system; 2) a two-tier system; 3) an employee-owned cooperative company; 4) a City-owned company; 5) a full-service company; and 6) the UTOP proposal to issue the certificates directly to the taxi drivers. The following is a brief description of each item considered along with a list of advantages and disadvantages for each item.

### **Existing System**

Overall, the existing system offers the following advantages and disadvantages:

#### **Advantages:**

- Has provided quality taxi services to Alexandria residents for many years;
- The cab companies deal with most customer complaints, thereby reducing the need for City involvement;
- Allows for contract services such as para-transit programs;
- Provides stable income for the cab companies so that they are able to invest in infrastructure; and
- Relatively easy for new drivers to get into the business.

Disadvantages:

- Drivers are not entirely free to move from company to company since they may only transfer to a company which has a vacancy in the companies certificate;
- Since drivers are independent contractors working under contract to the companies, drivers do not share in the value of the companies which stems in large part from the certificates; and
- Cab companies have the upper hand over the drivers since drivers are independent contractors. The company-driver relationship is defined by contract between the two.

Medallion System

In a medallion system individual certificates are the property of the holder and may be sold to the highest bidder/payer. The certificate holders pay the issuer a small annual fee for the certificate. Since there are only a limited number of certificates issued, the market value of the certificates can be very high. When a medallion system is first implemented, the certificates are usually issued to the individual taxi drivers. However, over time, as drivers leave the industry, the certificates are usually sold to the highest bidder. What ends up happening is that one or two big companies ultimately end up with all the certificates. These companies then lease the certificate to an independent taxi driver who must provide his own vehicle, insurance, maintenance, etc. Little else is provided by the holder - no radio dispatch, no way for riders to express dissatisfaction with the driver. **To offset consequences of medallion certificates ending up over time in the hands of relatively few entities, there could be a limit on the number of medallion certificates that any individual or company could own.**<sup>5</sup>

Advantages:

- The medallion can increase in value, thereby providing the assigned holders with a one-time cash benefit.

Disadvantages:

- Very difficult for the certificate issuer to manage;
- No radio-dispatch cabs;
- No social services programs;
- Over time monopolies develops where all of the certificates are owned by a very few entities; and
- Entry into the system for new drivers is very expensive.

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<sup>5</sup> This change is in response to Councilwoman Woodson's comment, "Perhaps we can limit the number of medallion certificates that any individual or company can own. That way we can have a two-tier system where any driver wishing to invest could buy a certificate and existing companies will have their own issued certificates."



- **If a certificate pool is adopted by removing certificates from existing companies with fixed costs, it may hurt existing drivers because companies may need to increase stand dues to make up for the revenue loss created by the loss of certificates.<sup>6</sup>**

### **Two-Tier System**

In a two-tier system the City will have two categories of taxicabs - airport cabs and local radio-dispatch cabs. The airport taxicabs will only be permitted to pick up riders from the airport. They will not be permitted to take riders from the City to the airport. The local radio-dispatch cabs will handle everything else and would be able to pick up at the airport. The existing operations in Alexandria are a defacto two-tier system. Today Alexandria has some cabs with 24-hour radio dispatch and some cabs with no dispatch. The radio-dispatch cabs tend to work the local community, while the non-radio dispatched cabs tend to work the airport. The different classes of cabs are not restricted by regulation as to where they can work.

### **Advantages:**

- Bring Alexandria's taxicab regulations into conformity with how the industry operates today. Airport cab companies would no longer be violating the 24-hour dispatch requirement and the 51-percent rule;
- Allows the City to regulate the number of cabs that work the airport and the number of cabs that work locally; and
- Help ensure that the radio-dispatched companies maintain an adequate number of cabs to support the dispatch services along with contracts.

### **Disadvantages:**

- Some drivers would loose the ability to work in the City.
- **If a certificate pool is adopted by removing certificates from existing companies with fixed costs, it may hurt existing drivers because companies may need to increase stand dues to make up for the revenue loss created by the loss of certificates.<sup>7</sup>**

### **Employee-Owned Cooperative Taxicab Company**

Existing regulations permit the formation of an employee-owned taxi company. Drivers could either start up their own company or purchase an existing company. The company could then establish reasonable stand dues and allow the drivers to own shares and possibly realize some appreciation. Starting a new taxi company in Alexandria will be difficult because it would require the City issuing new certificates or taking certificates from the existing companies and redistributing them to the new company. Presently, there is a surplus of certificates, and it is

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<sup>6</sup> This change is in response to Councilwoman Woodson's comment, "With recalls and pools this may happen anyway - it is not just an employee owned co-op problem." This language has added to a number of other scenarios.

<sup>7</sup> See note 6.

unlikely that the City could justify adding new certificates for the new company start up. As an option the City could create a certificate pool by collecting a small number of certificates from all the companies, and over time issuing some of them to a new driver-owned company as specified in the City Code requirements applicable to new cab companies.

Advantages:

- Drivers could gain value the longer they work if the company's value appreciates; and
- Drivers could manage themselves and set their own stand dues.

Disadvantages:

- It would be difficult to establish a new taxi company in Alexandria because there is already a surplus of certificates; and
- **If a certificate pool is adopted by removing certificates from existing companies with fixed costs, it may hurt existing drivers because companies may need to increase stand dues to make up for the revenue loss created by the loss of certificates.<sup>8</sup>**

City Owned Taxi Company

In the City-owned taxi company, drivers are City employees who drive City-owned taxicabs. The drivers either work on a fixed shift or rotating shift. Drivers typically work a 40-hour week and earn overtime if called in to work extra hours. The City would bear the cost of maintaining the taxicab fleet. An alternative to this option would be for the City to contract out for taxicab service. In this scenario the City would go out to bid for taxi service every three to five years.

Advantages:

- City would have complete control over the taxi industry.

Disadvantages:

- Very expensive, especially if drivers are City employees, and almost certainly would require, like DASH, a substantial public subsidy;
- Little flexibility for drivers;
- Drivers may earn less than today; and
- City vehicle maintenance staff would need to increase to maintain the additional vehicles.
- **If a certificate pool is adopted by removing certificates from existing companies with fixed costs, it may hurt existing drivers because companies may need to increase stand dues to make up for the revenue loss created by the loss of certificates.<sup>9</sup>**

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<sup>8</sup> See note 6.

<sup>9</sup> See note 6.

### Full Service Taxicab Firm

The full-service taxicab firm is similar to the City-operated taxi company except that the company is privately owned and operated. Certificates are issued to this single company, which is required to own and maintain all the taxicabs and to hire drivers and employees who are paid an hourly wage and possibly provide some benefits.

#### Advantages:<sup>10</sup>

- ~~None~~
- **Potential stabilization of driver income;**
- **Potential provision of benefits for drivers; and**
- **Potential economic efficiencies arising from all operations being consolidated in one company.**

#### Disadvantages:

- Drivers may earn less than today since company costs would likely increase and industry revenue would remain about the same since fares are regulated;.
- **Inability for driver transfer to another company; and**
- **No market-based competition.**

### UTOP Proposal

In the UTOP proposal the City issues the certificates to the owner's of Alexandria's taxicabs who are not always the drivers. This would be phased in over six years. Certificate holders would be able to transfer from one taxi cab company to another every two years, and to take their certificate with them. The certificate of an owner who leaves the industry would be returned to the City for issuance to a new owner.

#### Advantages:

- Certificate holder/drivers could transfer between companies every two years; and
- Companies might be more accommodating to owners/drivers since they would be able to cause the company to lose certificates.

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<sup>10</sup> The changes under "Advantages" and "Disadvantages" are in response to Councilwoman Woodson's comment, on "Advantages, "Why not? This would provide greater admin simplicity for the City! Would also immediately reduce the number of drivers on the street and increase their value," and the comment, on "Disadvantages," "No transfer to companies because they are all one."

Disadvantages:

- Creates ~~substantial~~ **increased** risk for companies and corresponding reluctance to provide ~~significant~~ **initial and subsequent upgrade** investments since the sole source of revenue (the certificates) are guaranteed to exist for only two years;<sup>11</sup>
- Could be more expensive for some taxicab drivers. Since certificates are issued to owners and not drivers, one person may own many cabs and lease the certificate and cab to the driver. The driver will have to pay stand dues and pay for the use of the certificate.<sup>12</sup>
- Companies will not be able to guarantee a fixed number of taxi cabs to enter into and effectively manage transportation contracts;<sup>13</sup>
- Traffic and Parking Board may have to hear more complaints; and
- Companies ~~will~~ **may** compete for certificate holders by offering ~~small~~ **smaller** stand dues with less services to the drivers. The existing dispatch services ~~would~~ **may** be negatively impacted because of decreased revenues.<sup>14</sup>

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<sup>11</sup> These changes were made in response to Councilwoman Woodson's comment, "How much more would existing companies need to invest?"

<sup>12</sup> No change was made in response to Councilwoman Woodson's comment that "one certificate per driver, not per cab owned." This comment is not consistent with the proposal submitted by UTOP.

<sup>13</sup> No change was made in response to Councilwoman Woodson's comment, "Why? Now they assume some risk - would motivate greater cooperation and fairness."

<sup>14</sup> These changes were made in response to Councilwoman Woodson's comment, "This is purely conjecture and I found no evidence during the task force meeting to support this statement."

## RECOMMENDATIONS

### Two-Tier System

The Task Force recommends a two-tier system where the City will have two categories of taxicabs - airport cabs and local radio dispatched cabs. The airport taxicabs will only be permitted to pick up passengers from the airport. They will not be permitted to take passengers from the City to the airport. The local radio dispatch cabs will handle everything else and will be able to pick up at the airport. Implementing a two-tier system will require revising the City Code.

### Certificate Recall

The Task Force recommends a certificate recall for the purposes of creating a certificate pool to increase the City's flexibility to manage the Taxi industry. The certificates would be placed in the pool and could be retired if there were an excess of existing certificates on the street. The certificates could also be reissued to help start up an employee owned taxi company or given to a specific group of drivers meeting certain criteria such as years of service. The Task Force is recommending a reduction of five percent of the 645 certificates to reduce the total number of certificates to 614. In actuality this is slightly less than five percent because of rounding differences. Each of the six taxicab companies will return five percent of their certificates over a two-year period. When a pre-1982 grandfather certificate holder leaves the industry, that certificate will be eliminated and not placed in the certificate pool. When a certificate is returned through death or voluntary return without a transfer, the certificate will also be eliminated. At the annual renewal of certificate numbers ending June 30, 2003, and June 30, 2004, by the mandate of the City, the company will reduce the total number by three percent in 2003 and by two percent in 2004 with the result rounded up or down to the nearest whole number. The certificate recall would recall 31 certificates. The table below shows how many certificates will be taken from each company during the initial certificate recall. If the certificate recall is successful, the recall may be continued past the second year as necessary.

Company	Current # of Certificates	2003 Reduction	2004 Reduction	Total Reduction	Final # of Certificates
Columbus	46	1	1	2	44
Diamond	156	5	3	8	148
King	57	2	1	3	54
VIP	58	2	1	3	55
White Top	116	3	2	5	111
Yellow	212	6	4	10	202
Total	645	19	12	31	614

### **Dispute Resolution Process**

The Task Force recommends that a dispute resolution process between drivers and cab companies be developed to provide a fair and impartial way to settle disputes. The dispute resolution process will require the City Code be changed to require taxicab companies to adopt mediation as part of their contractual dispute settlement procedure. The driver contracts should include similar language to the following clause:

*If a dispute arises out of or relates to this contract, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute through mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to arbitration, litigation, or some other dispute resolution procedure. If the dispute cannot be resolved through mediation then the dispute shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgement on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.*

### **Have Dedicated Taxicab Representatives on The Traffic and Parking Board**

The Task Force recommends that the Traffic and Parking Board have a dedicated taxicab representative on the Board. The purpose of having a dedicated taxicab representative on the Traffic and Parking Board is to provide the Board with a member with expertise in the taxi industry. The way the task force envisioned this working is that a person from the taxi industry be appointed to the Traffic and Parking Board. The proposed board member could be either a driver or someone from a taxi company. This will not be a new seat but simply replacing one of the existing Board members when their term expired.

### **Develop Concept to Allow Drivers to Control Their Own Certificates**

The Task Force recommends that staff develop a concept to issue certificates directly to long term drivers who have driven an Alexandria taxicab for many years. The intent is to provide the long-term driver with something of value. Staff has developed the following two options: 1) Long-term drivers be issued grandfather type certificates; and 2) Drivers be issued "free agent" type of certificates.

In option one, the long-term drivers would be issued one of the 31 certificates in the certificate pool created by the certificate recall. This certificate would entitle the driver to all of the rights that the existing grandfather certificates provide. It needs to be pointed out that the existing grandfather certificates only allow a driver to operate a taxicab under the colors of an existing Alexandria taxicab company. In certain situations the grandfather certificate provides some flexibility to move the certificate between companies. The certificates would be issued on a driver seniority basis. It also needs to be noted that neither the City or the cab companies have records indicating the longevity of the drivers.

In option two, drivers meeting certain criteria would be issued one of the 31 certificates in the certificate pool. This certificate would allow drivers to move freely between companies once every year. The free agent certificates will not be transferable between drivers and so can only be used by the driver who the certificate was issued to. The selection criteria defining which drivers are issued the certificates would be developed to force accountability onto the drivers. First, only drivers with vehicles less than five years old would be issued a free agent certificate. If a certificate holder's vehicle becomes older than 5 years old, the certificate will be revoked and issued to another driver. Second, the certificate holder cannot have any legitimate complaints against him or her. If a legitimate complaint is raised and found valid by the Traffic and Parking Board, the certificate will be revoked and issued to another driver. Third, the certificate holder would be required to drive under the colors of an established Alexandria taxicab company. Lastly, the certificates would be issued to drivers in all six cab companies based on the percentage of cab slots a company has of the total number of cabs authorized to work in the City. Based on this, the number of free agent certificate holders each company would initially have would be as follows: Columbus would have two free agents; Diamond would have seven free agents; King would have three free agents; VIP would have three free agents; White Top would have six free agents, and Yellow would have 10 free agents.

The advantage to drivers of holding their own certificate is that the certificate provides tremendous leverage when dealing with the cab companies. As mentioned before, the only income a cab company has is revenue from the stand dues charged to the drivers. The more certificates a company has, the more revenue the company can collect from the drivers. Consequently, if a driver has control of a certificate, the driver can take that certificate and move to another company, thus, leaving the first company with one less certificate to collect stand dues from. Most companies will then lower stand dues and overlook many customer complaints in an effort to keep the driver from moving the certificate to another company.

## **History of Taxicab Industry**



### **History of Taxicab Industry**

- 11/19/73      Assistant Attorney Robert Howell discussed the need to formulate a system to decrease cabs in the "unlikely event the need was to arise."
- 1/1/74        Greyhound gives up taxicab concession at Washington National Airport, opening up the airport for cabs from any jurisdiction.
- 1/1/75        Airport will not recognize any cab unless they have been licensed by a local jurisdiction.
- 1975          Alexandria turned over taxicab certificates to the taxicab owners.
- 1/19/76      Hack Inspector Proctor requested a freeze on certificates due to the dramatic jump in certificate applications.
- 12/13/76     Chief of Police Holihah requests the Traffic and Parking Board to freeze certificates and reduce them to 325 cabs.
- 1/19/77      Chief Strobel requests freeze on certificates.
- 5/23/77      Freeze set at 424 certificates.
- 11/21/77     Adequacy of service guidelines put into effect; including 51% rule
- 3/20/76      Freeze lifted by Traffic and Parking Board.
- 9/17/79      Request by Doug Harmon, City Manager, to place a moratorium on taxicab licensing of certificates.
- 10/21/79     Moratorium granted.
- 4/12/82      Moratorium lifted on a tie vote by Traffic and Parking Board.
- 9/21/82      134 applications in front of Traffic and Parking Board for approval.
- 12/31/82     New ordinance passed to allow for annual review of the industry. City Manager now responsible for setting the level of certificates based on Public Convenience and Necessity.

## **Minutes of Task Force Meetings**

EXHIBIT NO. *29*

ATTACHMENT 2

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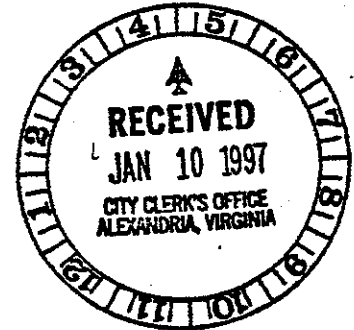
## MEMORANDUM

TO: The Honorable Mayor and Members of Council

FROM: F. Andrew Carroll, III, Counsel for UTOP

DATE: January 10, 1997

SUBJECT: Proposed Change in Regulation of City Taxicabs -- Ownership of Certificates



### Objectives

1. Provide response to City Manager's memorandum of December 6, 1996.
2. Provide response to Alexandria Yellow Cab memorandum of May 28, 1996.
3. Address Concerns of Agency on Aging and Commission on Persons With Disabilities.
4. Explain why UTOP's proposal is in the City's and public's best interests.

### Background

For nearly four (4) years the United Taxicab Operators' Association has worked with City staff and City boards seeking consideration of a change in the City ordinance, allowing owners of taxicabs to transfer from one approved taxicab company to another approved company. It is envisioned that such a change will bring healthy competition to the industry by breaking the stranglehold companies presently maintain over working drivers. To assist City staff, in December of 1993 UTOP drafted a proposed ordinance revision. It is this document which is the subject of critical review by all parties involved. UTOP firmly believes

that the ability to transfer from one company to another is of crucial importance. However, UTOP recognizes that its proposed legislation is not necessarily the only way to bring about the desired changes. To date, with the exception of the skeletal proposal briefly outlined in the City's May 24 memorandum, no other party has made a substantive effort to draft a solution to the troubles facing the most important group participating in the Alexandria taxicab industry -- the working drivers. The UTOP proposal is the only significant effort made to address what nearly all agree to be legitimate failings of the City's present taxicab regulation. The victims of these failings in the industry are the working cab drivers and the public. The beneficiaries are the company owners who are guaranteed income with little or no risk. It can be of no surprise that the company owners do not want to change such a system. However, their fears are misguided. Companies that are efficiently operated and provide appropriate services to the drivers and the public will undoubtedly benefit by a change in the present system.

## I. STAFF MEMORANDUM

On December 6, 1996, the City Manager submitted to Council a memorandum which misstates certain facts and fails to disclose others, resulting in a tainted view of the UTOP efforts and the proposal.

### *A. Recommendations of Agency on Aging, Commission on Persons With Disabilities, and Chamber of Commerce.*

The Staff memorandum states that these groups have endorsed the *status quo*, rejecting the UTOP proposal. Council should be aware that the organizations had no contact or insufficient contact with UTOP officials to adequately understand the merits of the proposal. Their reports clearly reveal that they did not fully appreciate the proposal before rendering their opinions.<sup>1</sup> These issues will be discussed later herein.

### *B. Commitment of UTOP to Original Proposal / Compromise.*

As reflected by the City Manager, UTOP is committed to its original proposal. In its initial draft, UTOP sought to address many of the concerns raised by the company owners and the City. Discipline of the drivers, condition of taxis, complaint regulation, and increased City expense were all issues specifically confronted in the initial proposal. Concerns over large movements of drivers led UTOP to limit transfers to no more than one every two

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<sup>1</sup> On January 3, 1997, counsel for UTOP spoke to Mantill Williams, Legislative Director of the Alexandria Chamber of Commerce. He acknowledged that this matter was brought to them by one of the Chamber members, Robert Werth, who is also Vice President of Alexandria Yellow Cab. UTOP submits that the issues were not fairly or adequately presented to the Chamber Board before its endorsement of the *status quo*. The concerns raised in the Chamber's July 22, 1996 memorandum merely parrot the assertions of Yellow Cab. These baseless claims are more fully reviewed later in this submission.

years. UTOP has also consented to a six year phase-in period so that the burden on the hack inspector and company owners' fears should be allayed. Increased fees, recommended by UTOP, should pay for any cost hikes experienced with the proposal.

It is wrong to view UTOP as being inflexible. From the beginning it has sought to address all concerns. In the meantime, company owners have been unwilling to budge from blanket opposition. Their strategy has been to rely on spreading fear. Rather than offer any constructive alternative, they seek to frighten Council with unsubstantiated and unwarranted claims.

C. *Claim that Proposal Consumer Complaint Function Has Been Removed / Discipline of Drivers.*

Company owners have repeatedly claimed the proposal guts the consumer complaint function of the present ordinance. Their cries have been so loud that even the City Manager's memorandum expresses a concern that, if the changes are implemented, the hack inspector's office may suffer "a significant increase in staff workload" related to consumer complaints. This concern is entirely misplaced.

Section 9-12-29 is the present provision which provides the City the assurance that the companies will discipline their drivers, maintain the cabs working under their colors, and generally provide adequately for the public. This section allows the City to suspend the companies' valuable certificates of public convenience for such violations. Rather than risk revocation, it is assumed the companies will police themselves.

The UTOP proposal does not relieve the companies of this duty. Each cab must still operate under an accredited company. To operate in the City each company must hold a certificate of accreditation. The City, under proposed Section 9-12-33, is authorized to revoke any violating company's certificate of accreditation for the same reasons the City can revoke a company's present certificate. Thus, the companies must still police their drivers or run the risk of losing their right to conduct business in Alexandria.

The consumer complaint function is alive and well under UTOP's proposal, contrary to the City staff's admonitions. In fact, another enforcement layer is added to ensure quality taxi services without discipline or enforcement problems. Proposed Section 9-12-32 empowers the City Manager to revoke the certificate of public convenience held by the taxi cab owners for the same reasons the company owners' certificates can be suspended. Not only will company owners' self-enforcement measures continue but, in addition thereto, the consumer complaint function can also rely upon the cab owners. For your review, copies of the pertinent ordinance provision are attached as Attachment 1.

*D. Failure to Cite Change at National Airport.*

The conditions that existed in 1982 do not exist today. National Airport has joined in the enforcement effort. Not addressed in the Memorandum of December 6, 1996 is the fact that taxicab operators at National Airport now must go through a rigorous licensing procedure which require record checks, car inspections, and impose severe penalties for violations of the regulations (see Attachment 2).

*E. Memorandum Fails to Acknowledge That Drivers Have Conditionally Agreed to Taxicab Age Limitation.*

During meetings held between Michele Evans and UTOP representatives, the subject of an age limitation on cabs was presented by the City. The cost of such a proposal falls exclusively upon the driver, not the company. Nonetheless, UTOP officials agreed to the proposal on condition that the certificate change is adopted. Without the change it is economically unfeasible. The City Manager's memorandum overlooked this important concession on the part of UTOP.

**II. YELLOW CAB MEMORANDUM**

*A. General View.*

In May of 1996, Robert Werth, Vice President of Alexandria Yellow Cab ("AYC"), presented to Council a response to the UTOP proposal. The AYC memorandum recommends continuation of the present system -- a system which guarantees taxicab companies annual revenues in amounts they deem appropriate. Stand dues can be increased to meet virtually any financial concern.

Company expenses can also be forecasted to a high degree of certainty. Companies do not suffer the variables encountered by operators. A company's net income is not dependent upon changing gasoline prices, vehicle insurance prices, ridership variances, seasonal changes, weather considerations, or stand dues increases. Company expense increases are predictable. In fact, more often than not, increased expenses are matters of choice, due to conscious decisions made by the companies, not random and unpredictable factors. For that reason alone, without some incentive, why would a taxicab company spend any money to improve its operations?<sup>2</sup> Marketing or equipment improvements have no direct relation to increased revenues, as revenues are exclusively the product of the stand dues paid to them by the drivers. Company profits are more linked to stagnation than innovation. The AYC report must be viewed for what it is and nothing more. It is a self-serving report which induces fear to inhibit progress, in hopes that Council will continue to bless this unjust and repressive system.

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<sup>2</sup> Since UTOP began asserting its position in 1993, certain taxicab companies have made overtures at improving operations and marketing. Interestingly, these "efforts" have only recently been initiated, at a time when it has become apparent that UTOP's concerns have merit.

B. *Specific Responses.*

The AYC memorandum is filled with incorrect or misleading statements about the UTOP proposal and its impact upon the taxicab industry. The following are examples of the misinformation not previously addressed:

1. AYC Erroneously Claims New Certificate Owners (Taxicab Owners) Will Be Permitted to Transfer Between Companies Without Replacement Capabilities By Companies.

AYC's assertion in this regard is absolutely wrong. The proposal will permit transfers once every other year. Good companies providing appropriate services will attract drivers, increasing a company's numbers. Companies will have every opportunity to replace a lost cab by soliciting other cab owners -- a practice employed by every other business operating within the City limits. If a company is charging too much or providing less than adequate services, why should it be guaranteed a certain number of cabs?

2. AYC Claims Only Certificate Holders Can Apply For Additional Certificate Authorizations.

Of course only existing certificate holders can apply for **additional** certificates. However the UTOP proposal does permit new applicants to apply for a certificate according to the provisions of Proposed Section 9-12-23.

3. AYC Claim That Applications for Additional Certificates Can Be Made At Any Time Is Incorrect.

It is the intention of the proposal that applications for new certificates, including additions, be made from May 1 through 10 of each year.<sup>3</sup>

4. AYC Complaint that the UTOP Proposal Does Not Outline Benefits to the Riding Public or City.

The proposal itself is a suggested revision of the ordinance- not a device to promote a concept. The benefit to the City and public is discussed throughout this memorandum. As a basic tenet, the proposal will spark competition which will better serve all involved. The most valued companies will be those that have high ridership. Companies should strive to improve their service to the public, to increase their ridership percentages. By doing so they will also attract more operators. The public will undoubtedly be better served

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<sup>3</sup> These dates are certainly subject to change if the hack inspector's office feels other times are better. Also, if the proposal does not adequately delineate the steps necessary to effect additions to certificates, or other technical matters, UTOP welcomes amendments aimed at curing alleged deficiencies. This includes AYC's criticism that the proposal does not properly assimilate the new and old code sections in the new proposal.

by drivers who are not physically and emotionally drained as a result of their endless efforts to support their families. As a demonstration of how the public will reap the benefits of a changed system, drivers have already agreed to taxicab age limitations if the proposal is approved.

5. AYC Claims UTOP's Proposal Will Lock In Current Owner's of Vehicles to Certificates, Locking New Owners Out.

It is certainly ironic that AYC is concerned about "new owners," especially since the Alexandria taxicab industry is the exclusive fiefdom of six companies. New owners will not be locked out of the proposed system. Certificate holders who leave the system cannot merely sell or transfer their certificates. A certificate holder leaving the industry must return his certificate to the City, which can then reissue the certificate to new applicants.

6. Claim That Proposal Will Lead to Medallion System.

AYC complains that certificate owners will not be able to transfer certificates to new owners, leading to a medallion-like system with absentee management. The opposite will be true as the certificate will have no inherent value since it will be returned to the City when a certificate holder leaves the industry. Also the proposal bans the described absentee management. See Proposed Sections 9-12-28 (c) and (e).

7. Unfounded and Self-Serving Representations.

In the AYC's Staff Comments section of its memorandum AYC sets forth a number of representations which are essentially self-serving scare tactics, aimed at changing the focus of this review away from the merits of the plan. Included are:

- AYC suggests that present taxicabs are deficient and that age limits are necessary, despite the fact that each cab undergoes inspections by the hack inspector's office. In other words, AYC seeks to increase the cab operator's expenses while refusing to offer the already economically strapped driver a means to recoup the incidental costs increases.<sup>4</sup>
- AYC describes an "insurance scheme" where drivers are insured by a company that purportedly does not participate in the Virginia Guarantee Fund. While AYC condemns insurance being offered to drivers, it fails cite one example where a taxicab covered through the so-called "scheme" was left with an uninsured claim. The drivers are required by law to maintain insurance with far

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<sup>4</sup> As previously noted, UTOP is willing to accept age limitations if the proposal is granted since competition in the industry will effectively spread the economic burdens related to such a requirement.



greater limits than those in neighboring jurisdictions. If AYC has evidence that the insurance plans purchased by the drivers are insufficient or not in accordance with the law, it should report those violations. It is outrageous to attack drivers who are forced to search for affordable insurance plans, while at the same time objecting to efforts made by the drivers to even the playing field. This is especially true since the companies presently offer no insurance assistance to the taxicab owners. The burden to bear all insurance costs, lies with the operator.

### III. SUBMISSIONS OF AGENCY ON AGING AND COMMISSION ON PERSONS WITH DISABILITIES

The letters from the Agency on Aging and Commission on Persons with Disabilities both express fears that the proposal will threaten the stability of the Senior Taxi and DOT contracts. These fears are unfounded.

The City has entered into contracts with Diamond Cab and Diamond Transportation Services (of which Robert Werth is associated) to provide subsidized taxi services for the above City agencies. Apparently the two agencies have been warned of full scale driver flight from the participating companies if the proposal is adopted. These fears have no basis in fact.

UTOP has agreed to a six-year implementation of the ordinance. Further, transfers will only be permitted once every other year. Even if every driver offered the opportunity to transfer transferred, and no replacements transferred in, the contracting company could easily handle the contracted rides as they likely constitute a relatively small ratio of the rides handled by that company. This pessimistic scenario is extremely remote however. Company owners have long boasted that the contracts increased ridership and were a boon to drivers. If the boasts are indeed based in fact, one would think that under the UTOP proposal companies holding such contracts would attract, not repel operators. Moreover, if the existence of the contracts serve to drive taxicab operators away from contracting companies, why did the contracting taxicab companies seek the contracts in the first instance?

UTOP agrees that there is a civic benefit bestowed through the contracts and suggests that in the future the City spread the obligation to service the agencies to all companies and operators. For the present, however, UTOP strongly believes that it is disingenuous for the taxicab companies or the City to use these contracts held by one taxicab company to prohibit drivers of noncontracting companies from garnering the benefits afforded in UTOP's proposal.

IV. UTOP'S PROPOSAL IS IN THE BEST INTERESTS OF THE TAXICAB INDUSTRY, THE CITY, AND THE PUBLIC

Never mentioned by the proposal's opponents is the irrefutable fact that the present system serves as a disincentive to improved taxicab services. There are no rewards for companies willing to expend their energies and finances to improve those services. Improved equipment or service cannot improve a company's financial bottom line. Only increased stand dues and decreased expenses will do that.

On the other hand, the UTOP proposal will lead to revitalize the industry. The proposal is fair to both companies and operators. It will maintain discipline while fostering just treatment. Complacent companies may wither, yet efficient and energetic companies will flourish. The competition and incentives to improve will create a truly vibrant taxicab industry for our City -- one that we will all be proud of.

V. CONCLUSION

In conclusion, UTOP respectfully urges City Council to accept the proposed amendment or, at a minimum, to submit the proposal for public hearing.

# PRESENT ORDINANCE

Licensing and Regulation

9-12-29

receive evidence as to the economic condition of the taxicab industry. Applicants for changes in authorization shall be required to submit justification for the changes they recommend.

(b) Giving consideration to the evidence received at the meeting, but not being limited to such evidence, the traffic and parking board shall forward its conclusions as to the status of the industry, and its recommendation as to an appropriate level of taxicab certificates for the city to the city manager. It shall also forward its recommendation as to an appropriate allocation of the recommended number of certificates. It shall also forward the findings of fact upon which its recommendations are based. In making its recommendations as to allocation, the traffic and parking board shall give consideration to such factors as bear on public convenience and necessity, including, but not limited to:

(1) The relative age of the certificate holders' vehicles.

(2) The extent and character of the service offered by the several applicants.

(3) The maintenance and condition of the vehicles.

(4) The demonstrated or prospective responsibility of certificate holders in regard to taxicab regulations.

(5) The utilization of existing vehicles, particularly with reference to the existing and prospective ability of the applicants to utilize the applied for, or authorized, numbers of taxicabs to the benefit of the taxicab-riding public.

The traffic and parking board's conclusion and recommendations shall be transmitted to the city manager no later than July 31.

(c) Not later than September 1, the city manager shall issue an order giving his statement of the economic condition of the taxicab industry and allocating any increases or decreases in the authorized number of taxicabs. In issuing his order, the city manager shall presume that the factual findings of the traffic and parking board are prima facie correct. If he disagrees with the recommendations of the traffic and parking board, either as to the level of certificates or as to the allocation of certificates, he shall with the issuance of his order, enumerate his reasons for not accepting the traffic and parking board's recommendations.

(d) The findings and recommendations of the report of the city manager may be used by him as part of any determination of the public convenience and necessity which he is authorized to make under the provisions of this chapter. (Ord. No. 2748, 12/14/82, Sec. 3)

## Sec. 9-12-29 Revocation or suspension of certificates.

(a) Certificates of public convenience and necessity may be suspended for a period of 30 to 120 days or revoked by the city manager or his designee for any of the following:

(1) Failure to operate the authorized taxicabs in such a manner as to serve the public adequately.

(2) Failure to maintain taxicabs in good order and repair.

(3) Failure to maintain insurance as required by this chapter.

(4) Repeated and persistent violations by the certificate holder or his drivers of the Alexandria City Code of the motor vehicle laws of Virginia.

(5) Failure to report any accident as required by this chapter.

(6) Failure to pay any fees lawfully assessed upon the ownership or operation of any vehicle licensed under this chapter.

(b) If the city manager revokes a certificate of public convenience and necessity, and notifies the holder by certified mail directed to the address shown on the application for the certificate, the holder of the revoked certificate, or his agent, may not reapply for a certificate for 365 days from the date of revocation.

(c) The party shall have the right to present his case in person or be represented by counsel licensed to practice law in the Commonwealth of Virginia. No certificate shall be revoked or suspended by the city manager unless the certificate holder has at least 10 days' notice by personal service, or by certified mail, to the address shown on the certificate of the grounds for revocation or suspension and the time and place of the hearing thereon. A hearing shall be held by the city manager.

(d) The city manager may revoke a certificate for such a period of time in excess of 120 days as he may, in his discretion, see fit; provided, however, that whenever a certificate has been revoked, the city manager or other agency shall not issue a new certificate to the same person or company for at least a period of one (1) year after revocation.

(e) The chief of police shall have the power to suspend certificate cards and the privileges thereby entailed for a period not to exceed five (5) days for one (1) of the following causes:

(1) Failure to maintain taxicabs in good order and repair.

(2) Failure to maintain insurance as required by this chapter. (Ord. No. 2748, 12/14/82, Sec. 3)

# UTOP PROPOSAL

(Former 9-12-25.)

Sec. 9-12-28

Certificate of public convenience and necessity generally;  
form; term; transferability.

(a) The certificate of public convenience and necessity shall state the following:

(1) The name, home, and business address of the certificate holder, or if a corporation, the registered agent or other person to whom legal process may be served or notice given.

(2) The number, kind, and class of vehicles, the seating capacity of each, the equipment of each vehicle, and the taxicab company under which each vehicle shall operate.

(3) The date of issuance.

(4) The fact that the certificate is being issued subject to the provisions of this division and all other laws and ordinances governing the operation of public vehicles, taxicabs, and for-hire vehicles in the city.

(b) Every certificate of public convenience and necessity issued shall be valid from the date of issuance until the last day of the birth month after next issuance of the individual certificate holder. Except that certificates of public convenience and necessity issued on vehicles owned by entities other than individuals shall expire on June 30 next after issuance. Before expiration, each certificate holder shall file a renewal application with the hack inspector.

(c) Certificates of public convenience and necessity may not be transferred. Certificate holders who are leaving the Alexandria taxicab industry must return their certificates to the city manager.

(d) In cases of death, sickness, or unusual circumstances, the city manager may authorize the continued operation for an existing certificate until the following September 1.

(e) Transfer of control of a corporation, partnership, or individual holding a certificate, either de factor or de jure, is prohibited.

(Former 9-12-26)

## UTOP PROPOSAL

(c) Not later than September 1, the city manager shall issue an order giving his statement of the economic condition of the taxicab industry and allocating any increases or decreases in the authorized number of taxicabs. In issuing his order, the city manager shall presume that the factual findings of the traffic and parking board are prima facie correct. If he disagrees with the recommendations of the traffic and parking board, either as to the level of certificates or as to the allocation of certificates, he shall with the issuance of his order, enumerate his reasons for not accepting the traffic and parking board's recommendations.

(d) The findings and recommendations of the report of the city manager may be used by him as part of any determination of the public convenience and necessity which he is authorized to make under the provisions of this chapter.

(Former 9-12-28)

### Sec. 9-12-32

Revocation or suspension of certificates of public convenience and necessity and certificate cards.

(a) Certificates of public convenience and necessity may be suspended for a period of 30 to 120 days or revoked by the city manager or his designee for any of the following:

- (1) Failure to operate the authorized taxicabs in such a manner as to serve the public adequately.
- (2) Failure to maintain taxicabs in good order and repair.
- (3) Failure to maintain insurance as required by this chapter.
- (4) Repeated and persistent violations by the certificate holder or his drivers of the Alexandria City Code of the motor vehicle laws of Virginia.
- (5) Failure to report any accident as required by this chapter.
- (6) Failure to pay any fees lawfully assessed upon the ownership or operation of any vehicle licensed under this chapter.

(b) If the city manager revokes a certificate of public convenience and necessity, and notifies the holder by certified mail directed to the address shown on the application for the certificate, the holder of the revoked certificate, or his agent, may not reapply for a certificate of public convenience and necessity for 365 days from the date of revocation.

# UTOP PROPOSAL

(c) The party shall have the right to present his case in person or be represented by counsel licensed to practice law in the Commonwealth of Virginia. No certificate shall be revoked or suspended by the city manager unless the certificate of public convenience and necessity holder has at least ten (10) days notice, by personal service or by certified mail to the address shown on the certificate, of the grounds for revocation or suspension and the time and place of hearing thereon. A hearing shall be held by the city manager.

(d) The city manager may revoke a certificate of public convenience and necessity for such a period of time in excess of 120 days as he may, in his discretion, see fit; provided, however, that whenever a certificate has been revoked, the city manager or other agency shall not issue a new certificate to the same person or company for at least a period of one (1) year after revocation.

(e) The chief of police shall have the power to suspend certificate cards and the privileges thereby entailed for a period not to exceed five (5) days for one of the following causes:

- (1) Failure to maintain taxicabs in good order and repair.
- (2) Failure to maintain insurance as required by this chapter.

(Former 9-12-29)

## Sec. 9-12-33

### Revocation or suspension of certificates of accreditation.

(a) Certificates of accreditation may be suspended for a period of 30 to 120 days or revoked by the city manager or his designee for any of the following:

- (1) Failure to operate the authorized taxicabs in such a manner as to serve the public adequately.
- (2) Failure to maintain the authorized taxicabs in good order and repair.
- (3) Failure to maintain insurance as required by this chapter.
- (4) Repeated and persistent violations by the certificate holder or his drivers of the Alexandria City Code of the motor vehicle laws of Virginia.
- (5) Failure to report any accident as required by this chapter.
- (6) Failure to pay any fees lawfully assessed upon the taxicab company licensed under this chapter.

## UTOP PROPOSAL

(b) If the city manager revokes a certificate of accreditation, and notifies the taxicab company by certified mail directed to the address shown on the application for the certificate of accreditation, the holder of the revoked certificate of accreditation, or if a corporation, its president or its/his agent, may not reapply for a certificate of accreditation for 365 days from the date of revocation.

(c) The party shall have the right to present his case in person or be represented by counsel licensed to practice law in the Commonwealth of Virginia. No certificate of accreditation shall be revoked or suspended by the city manager unless the holder of the certificate of accreditation has received at least ten (10) days' notice, by personal service or by certified mail to the address shown on the certificate, of the grounds for revocation or suspension and the time and place of hearing thereon. A hearing shall be held by the city manager.

(d) The city manager may suspend a certificate of accreditation for such a period of time in excess of 120 days as he may, in his discretion, see fit; provided, however, that whenever a certificate has been suspended in such fashion, the city manager or other agency shall not issue a new certificate to the same person or company for at least a period of one (1) year after revocation.

(New Section)

### Sec. 9-12-34

### Revision of certificate of public convenience and necessity.

(a) At the same time as he issues his statement of the economic condition of the taxicab industry, the city manager may indicate his findings as to whether the for-hire vehicles authorized or any portion of them were not operated for the 365 days preceding his finding. In this event, the certificate shall be surrendered by the certificate holder and the city manager shall issue a new certificate for a lesser number, which shall not be less than the number derived by dividing the maximum number operated by 0.80 with the result rounded to the nearest higher whole number. This section shall not be construed as to increase the number of taxicabs certified, nor shall it require the surrender of a certificate of accreditation when the maximum number of taxicabs operated during a 365-day period exceeds 80 percent of the authorized number of vehicles covered by the certificate.

(b) The provisions of (a) above shall not be applicable to that portion of an increase in taxicab certificates granted under the provisions of section 9-12-29 for a period of 365 days after an increase in certificates is authorized.

(Former 9-12-30)

# UTOP PROPOSAL

(4) The financial status and responsibility of the applicant, including evidence of his ability to acquire and maintain the vehicles for which authority is sought.

(5) The number and ownership of vehicles to be operated, seating capacity, design, and color scheme of each vehicle.

(6) Satisfactory evidence of insurance or other financial responsibility for accident or other casualty which shall be no less than that required by Section 9-12-6.

(7) Any conviction, plea of guilty or nolo contendere of the applicant arising out of any violation of a federal, state, or municipal law, or if the applicant is a corporation, each of the officers of the corporation.

(8) The specific experience of the applicant in the transportation of passengers for hire.

(9) Each applicant shall be fingerprinted, which fingerprints shall constitute part of the application. If applicant previously provided fingerprints pursuant to an application for a driver's permit as required by Section 9-12-42(13)(b), the applicant shall be exempt from this requirement.

## Sec. 9-12-23

### Application for certificate of accreditation.

(a) Application for a certificate of accreditation shall be made to the hack inspector by the applicant taxicab company, or its authorized agent, in writing, under oath, on a form provided by the city. All applications for certificates of accreditation must be filed in the hack inspector's office between May 1 and May 10 of each year. Such form shall include a statement that it is unlawful for any person to make a false or misleading statement and the making of any false and misleading statement shall be grounds for denial of the application or subsequent revocation of a certificate of accreditation. All applications must be signed (1) by the president, if a corporation, or (2) by all individuals making up the business entity, if other than a corporation, or its agent, and must be notarized. The city manager shall qualify and designate the hack inspector or some other person to notarize applications without cost to the applicant.

(b) In addition to such pertinent information that the city manager may require, the applicant shall provide the following:

(1) The full name and business address of the applicant and, if the applicant is a corporation, a certified copy of the articles of incorporation.



## UTOP PROPOSAL

(2) The full name and address of the registered agent or other person or persons upon whom legal process may be served and upon whom all notices or other matters relating to the administration and enforcement of this chapter should be made.

(3) The trade name and telephone numbers under which the applicant does or proposes to do business.

(4) The financial status and responsibility of the applicant.

(5) A List of Authorized Vehicles indicating the number of vehicles to be driven under applicant's certificate of accreditation, the holder of the certificate of public convenience with respect to each such vehicle, seating capacity, design, and color scheme of each vehicle.

(6) The character and location of the stands.

(7) A description of the communications system to be used with specific reference as to the applicant's plan to provide 24-hour dispatch service to the public. If such dispatch service is not to be furnished specifically by the applicant, the name and address of the provider and the manner of providing such service shall be provided.

(8) A description of the service to be provided, including color scheme, insignia, and cruising light design which shall conform to regulations issued by the city manager.

(9) Any conviction, plea of guilty or nolo contendere of the applicant arising out of any violation of a federal, state, or municipal law, or if the applicant is a corporation, each of the officers of the corporation.

(10) The specific experience of the applicant in the transportation of passengers for hire.

(11) All facts or circumstances upon which the applicant bases his belief that public convenience and necessity require the granting of his application.

(12) Each applicant shall be fingerprinted, which fingerprints shall constitute part of the application.

(New Section.)

# METROPOLITAN WASHINGTON AIRPORTS REGULATIONS

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## Part 5 - TAXICABS

### Chapter I - Taxicabs at National

#### § 5.1. Purpose. (Effective date July 1, 1994)

The purpose of this chapter is to assure the traveling public safe, convenient, clean, courteous taxicab service from National at a fair price. The Authority wants to do this as efficiently as possible so as to avoid congestion at National and in harmony with the laws and regulations of the jurisdictions making up the Washington, D.C., metropolitan area. The Authority finds it necessary to manage the hiring of taxicabs by means of a dispatch system except under narrow circumstances and to restrict the taxicabs operating in its dispatch system to those which conform to the Authority's regulations as well as to the law of the jurisdiction in which the taxicabs are licensed and operating.

#### § 5.2. Definitions. (Effective date July 1, 1994)

Unless it appears from the context that a different meaning is intended, the following words and phrases, when used in this Part, shall have the meanings ascribed to them by this section:

"Taxicab official" means the employee of the Authority charged with supervising taxicab service at National.

"Taxicab" means any motor vehicle operated for the purpose of transporting passengers for hire between points along the public streets as the passengers may direct and which is not being operated on a regular route or schedule or between fixed terminals. It does not include limousines, executive sedans or other such vehicles for hire for which one contracts on an hourly basis.

"Taxicab dispatcher" or "dispatcher" means any person employed by or designated by the Authority to direct the movement and operation of taxicabs at National.

#### § 5.3. Operating Conditions for Vehicles for Hire Other than Taxicabs. (Effective date July 1, 1994)

Notwithstanding any other provision of this Chapter, no driver of any limousine, executive sedan, or any other vehicle for hire whatsoever shall pick up a passenger at National unless:

- (1) The driver or his employer has a contract with the Authority authorizing him to pick up passengers for hire at National; or

- (2) The driver carries immediately from National a passenger picked up in response to a request received prior to his coming onto National, and he has a record of the time the request was made, the name of the person to be picked up, and the time and the point of the pick up.

§ 5.4. Operating Conditions for All Taxicabs. (Effective date July 1, 1994)

Every person operating a taxicab at National shall comply with each of the following conditions:

- (1) The driver must possess a current, valid drivers license and a certificate of public convenience and necessity for his taxicab issued by a state or local jurisdiction.
- (2) The driver must possess a current, valid license (so-called "face card") to operate a taxicab from the jurisdiction in which his taxicab is licensed or certificated.
- (3) The driver must not solicit passengers, directly or indirectly, personally or in concert with another.
- (4) When transporting passengers to destinations outside Virginia the driver must charge the passenger fares prescribed by the Washington Metropolitan Area Transit Commission for the jurisdiction in which the cab is licensed. When transporting passengers within Virginia, including when transporting a passenger from one point on National to another point on National, the driver must charge those fares prescribed by the Virginia jurisdiction that has licensed or certificated his taxicab.

§ 5.5. Operating Conditions for Taxicabs Picking up Passengers outside the Dispatch System. (Effective date July 1, 1994)

In addition to the requirements of Section 5.4, every taxicab driver picking up passengers at National between the hours of 6:00 A.M. and 2:00 A.M. the following day shall do so only at the direction of the taxicab dispatcher through the taxicab dispatch system except under one of the following circumstances:

- (1) The taxicab driver or his employer has a contract with the Authority authorizing him to pick up passengers for hire at National.
- (2) The taxicab driver operates outside the taxicab dispatch system to carry immediately from National a passenger picked up in response to a request received prior to his coming onto National, and his manifest shows the time the request was made, the name of the person to be picked up, and the time and the point of the pick up.

§ 5.6. Operating Conditions for the Taxicab Dispatch System. (Effective date July 1, 1994)

In addition to the requirements of Section 5.4, no person shall operate a taxicab in National's taxicab dispatch system unless he is at that time in compliance with each of the following conditions:

(1) The driver must have a current, valid Airport Taxi Operators Permit issued to him by the Airport Manager. This Permit must be kept in the driver's possession at all times that he is operating a taxicab at the airport and prominently displayed according to the Airport Manager's directions while the taxicab is in the dispatch system.

(2) The driver must display in the taxicab in a place conspicuous to passengers his local license to operate a taxicab (the so-called "face card"), and a schedule of the rates issued by the Washington Metropolitan Area Transit Commission and the jurisdiction that has licensed or certificated his taxicab.

(3) The driver must, upon the request of an Authority police officer, a taxicab dispatcher or the taxicab official, surrender for inspection the Permit required by paragraph (1) of this section. The driver must permit the Authority police, the taxicab dispatcher, and the taxicab official to inspect his taxicab to determine if he is displaying the license and rate schedule required by paragraph (2) of this section.

(4) The driver must operate a taxicab that is clean and maintained in good repair including, by way of illustration and not limitation, the tires, headlights, brake lights, turn signals, windshield wipers, brakes, window glass, doors, fenders, paint, passenger compartment, trunk, and upholstery. The driver must permit the Authority Police and the Taxicab Official to inspect his taxicab to determine if the vehicle meets these standards and the driver shall not operate a vehicle in the dispatch system if it has failed an inspection and the condition causing it to fail has not been corrected.

(5) The driver must obey all directions and signals of the taxicab dispatcher regarding the orderly flow of traffic and the accommodation of passengers.

(6) The driver must accept any orderly passenger and convey any passenger where directed upon dispatch by the taxicab dispatcher.

(7) The driver must transport only those persons assigned to him by the taxicab dispatcher.

(8) The driver must not act in a discourteous manner towards passengers or persons seeking transportation.

(9) The driver must give a receipt showing the driver's name, name of the taxicab company (if any), the taxicab number, the time and place of origin and destination of each trip and the amount of the fare on an authorized form when requested to do so by a passenger.

(10) The driver must not impede the operation of the dispatch system, other airport operations, or the flow of traffic to and from the Airport.

(11) The driver must remain within 5 feet of his taxicab at all times except while it is in the taxicab holding structure or when it is legally parked.

(12) The driver must not give or offer to give any money or anything of monetary value to a taxicab dispatcher.

(13) The driver shall pay a dispatch fee of one dollar and twenty-five cents (\$1.25) each time he picks up a passenger or group.

§ 5.7. Airport Taxi Operator's Permit. (Effective date July 1, 1994)

The Airport Manager shall issue an Airport Taxi Operator's Permit to each person whom he finds to be of good moral character and who:

(1) Completes and submits an application to the Airport Manager in a form approved by the Airport Manager for that purpose;

(2) Is currently licensed to operate a taxicab by one or more of the following: Montgomery County, Prince Georges County, Maryland; the District of Columbia; City of Alexandria, City of Falls Church, Arlington County, Fairfax County, Virginia;

(3) Presents an official copy of his current driving record from the jurisdiction by which he is licensed and of his criminal record if any;

(4) Is in compliance with all the licensing jurisdiction's regulations including, by way of illustration and not limitation, the minimum insurance requirement for the taxicab he is operating;

(5) Has more than six months driving experience in the Washington, D.C. metropolitan area (The Airport Manager may require applicants to demonstrate a working knowledge of the metropolitan area by means of an examination);

- (6) Is at least twenty-one years of age;
- (7) Is not currently subject to an unexpired order of suspension or revocation of a previously issued Airport Taxi Operator's Permit;
- (8) Pays an annual permit fee of \$40.00.

§ 5.8. Denial of an Airport Taxi Operator's Permit. (Effective date July 1, 1994)

The Airport Manager may refuse to issue an Airport Taxi Operator's Permit for any of the following reasons:

- (1) Repeated or serious violations of the motor vehicle laws of any jurisdiction or the provisions of this chapter; (the accumulation of twelve or more uniform demerit points against the driver's license within a twenty-four month period shall be prima facie grounds for denial of a permit.)
- (2) Conviction, plea of guilty, or plea of nolo contendere to the violation of any law involving commission of a felony, any sex offense, soliciting for prostitution, or, in the last five (5) years, any other crime involving alcohol, marijuana, or any drugs classified as controlled substances;
- (3) Procuring or attempting to procure an Airport Taxi Operator's Permit by fraud, misrepresentation, false or misleading statements, evasions, or suppression of material facts; or
- (4) Procuring or attempting to procure more than one Airport Taxi Operator's Permit.

§ 5.9. Terms and Conditions. (Effective date July 1, 1994)

- (1) An Airport Taxi Operator's Permit shall be valid for a period of no more than 12 months, except that the initial permits will be valid until the last day of the month of the Permit holder's birthday in 1995.
- (2) The Permit remains the property of the Authority, and its use by the taxicab driver is subject to the following requirements:
  - (a) The Permit is issued for the exclusive use of the named driver and shall not be made available by him for the use of any other person;
  - (b) The Permit shall not be altered or defaced in any way after it is issued to the named driver;
  - (c) The Permit shall be invalid and may not be used after the expiration date shown on the Permit;

(d) The Permit shall be returned to the Authority immediately upon an order of suspension or revocation of the Permit by the Airport Manager;

(e) The Permit holder shall notify the taxicab official within seventy-two (72) hours of being convicted of committing a felony, any sex offense, soliciting for prostitution, crime involving alcohol, marijuana, any drugs classified as controlled substances, or a moving vehicle violation.

§ 5.10. Complaints. (Effective date July 1, 1994)

(1) All complaints, whether from taxi dispatchers, Authority employees or the public, regarding a Permit holder's conduct at the Airport or transportation of or conduct toward a passenger picked up at the Airport, including a complaint of fare overcharge, must be made in writing and include the name of the complainant and a means of contacting the complainant in order for the Authority to act upon the complaint. All such complaints shall be investigated by the taxicab official designated by the Airport Manager. The taxicab official may summarily dismiss the complaint if it is determined that the complaint does not warrant a reprimand or is without merit.

(2) If the complaint is not summarily dismissed, the taxicab official shall provide the Permit holder with a copy of the complaint. The Permit holder may present evidence orally or in writing at a designated time and place to refute or explain the complaint. The taxicab official shall consider the evidence presented and may dismiss the complaint, issue a reprimand or in the case of repeated or serious violations recommend suspension or revocation. Any reprimand or recommendation of suspension or revocation shall be in writing and shall include a statement of the complaint and the findings of the taxicab official.

§ 5.11. Grounds for Permit Suspension and Revocation. (Effective date July 1, 1994)

(1) The Airport Manager may, after notice and an opportunity to be heard have been provided, suspend for up to 90 days or revoke the Airport Taxi Operator's Permit of any person who:

- (a) violates a provision of this chapter. Conviction, plea of guilty or of nolo contendere to the violation shall be conclusive evidence that the Permit holder has violated one of these sections;
- (b) violates the motor vehicle laws;
- (c) commits a felony, any sex offense, soliciting for prostitution, or a crime involving alcohol, marijuana, or any drugs classified as controlled substances;



(d) has his authority to operate a taxicab suspended or revoked by one of the jurisdictions listed in Section 5.3(2) above or has his motor vehicle operator's permit suspended or revoked.

(2) In determining whether to suspend or revoke an Airport Taxi Operator's Permit, the Airport Manager may take into account any prior violations which could have been grounds for suspension or revocation under Subsections 1(a)-(d), by the Permit holder and any mitigating circumstances.

§ 5.12. Notice of Revocation or Suspension. (Effective date July 1, 1994)

(1) Prior to ordering suspension or revocation of an Airport Taxi Operator's Permit, the Airport Manager shall notify the Permit holder in writing citing the specific reason(s) for which the Airport Taxi Operator's Permit is to be revoked or suspended and that the Permit shall be revoked or suspended at the end of ten days following service of the notice unless the Permit holder files a written request for a hearing within the ten days. If no written request for a hearing is filed within the ten days, the Permit shall be revoked or suspended by order of the Airport Manager. If a hearing is requested in writing within ten days following service of the notice, a hearing shall be scheduled by the Airport Manager as soon as possible. Notice of the time and place of the hearing shall be mailed to the Permit holder.

(2) Notice of suspension or revocation as provided for in this chapter is properly served when it is delivered to the holder of the Airport Taxi Operator's Permit personally or when it is sent by registered or certified mail, return receipt requested, to the last known address of the Permit holder and to the address of the holder of the certificate of public convenience and necessity under which the Permit holder is operating a taxicab. Notice is served on the date on which it is mailed.

(3) Failure to appear at a hearing, after notice, is a waiver of the right to a hearing.

§ 5.13. Summary Suspension. (Effective date July 1, 1994)

The Airport Manager or Manager of Public Safety may suspend a holder's Airport Taxi Operator's Permit immediately and without prior notice whenever there is an imminent, substantial threat to the public's safety or deliberate impeding of airport operations or the flow of traffic to and from the Airport. The Permit holder shall be notified of the suspension as soon as possible and may ask for a preliminary hearing to determine whether his Permit should be restored pending a hearing in the ordinary course on the suspension or revocation. If a preliminary hearing is requested, it shall be held as soon as possible, but not more than three days after the request is made.

§ 5.14. Hearings. (Effective date July 1, 1994)

(1) The hearings provided for in this chapter shall be conducted by the Airport Manager at a designated time and place. Any oral testimony given at a hearing shall be summarily reported. The Airport Manager shall make a finding based upon the hearing record and shall issue, sustain, modify or rescind any notice or order considered in the hearing.

(2) The burden of proving the facts required under Section 5.11. of this chapter is upon the taxicab official and shall be met if the evidence is such that it is more likely than not that the facts alleged in the notice are true. The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence in civil actions. A written report of the hearing decision shall be furnished to the Permit holder and to the jurisdiction which licensed the Permit holder. If the Airport Manager revokes or suspends the holder's Airport Taxi Operator's Permit, the holder shall surrender it immediately.

(3) Except as otherwise required by law, each party shall bear its own expenses associated with proceedings under this section.

§ 5.15. Appeals. (Effective date July 1, 1994)

Any person aggrieved by an action of the Airport Manager taken under this chapter may request in writing a hearing before the General Manager and the hearing shall be conducted within ten days. The General Manager may affirm, modify, or rescind any action previously taken and shall advise the appealing Permit holder of his decision within ten days of the hearing. The decision of the General Manager shall be final.

§ 5.16. Reinstatement. (Effective date July 1, 1994)

A person whose Permit has been revoked may apply for a new Airport Taxi Operator's Permit six months after his initial revocation of a Permit and 12 months after any subsequent revocation of a Permit.

§ 5.17. Penalty. (Effective date July 1, 1994)

Any person who violates Section 5.4(1) shall be guilty of a Class 1 misdemeanor.  
Any person who violates Sections 5.3, 5.4(3), or 5.5 shall be guilty of a Class 3

misdemeanor. Any person who violates any other provisions of this chapter shall be guilty of a Class 4 misdemeanor.

§ 5.18 - § 5.20 - RESERVED.

1/24/03

TO: Alexandria City Council

RE: Comments on the Taxicab Task Force Report

Dear Mayor and Council Members,

The following represents the views of **four** members (one half) of the Taxicab Task Force (TTF) on the Taxi Cab Task Force Report. The report gives the impression that the five recommendations are the result of the **eight** Task Force members, who met over an eighteen-month period, sharing information and views and then achieving consensus on specific goals, objectives and action items. In reality little, if any, consensus was achieved during the course of the TTF meetings. The driver representatives remained firm on wanting certificates issued to drivers. The taxicab company representatives perceived that there was little, if any, appreciation of the basic business need for them to realize a decent return on investment (ROI), especially as it related to the technical infrastructure cost to support quality dispatch service for the City. The consumer representative from the Alexandria Commission on Persons with Disabilities (ACPD) was primarily interested in maintaining strong taxi companies, which could provide DOT and senior taxi services. The ACPD and the Traffic and Parking Board (TPB) representatives heard no evidence that City taxicab customers are receiving anything but excellent service from the current taxicab system. The TTF efforts seemed focused on finding solutions for the emotional concerns of a minority of the City's licensed taxi drivers, who believe that the current system treats them unfairly. No quantitative data was presented during the course of the meetings to support this perception of unfairness. The TTF members, realizing that a consensus was not possible under the pressure of City-imposed deadlines, voted to pass on the recommendations set forth within the report to the TPB and City Council for their consideration. We agreed to pass on the recommendations to higher levels for consideration more out frustration than approval and, in fact, we did not fully agree with the recommendations in the report.

We agree with recommendation (1) to institute a two-tier system.

We do not agree with recommendation (2) as set forth within the report. We agree that the City has too many regular taxicabs and can support recalling five percent of the certificates, but only for an actual reduction of the number of regular licensed cabs. We do not support the recall for later distribution to individual taxicab owners or formation of a driver-owned company. The City should only issue new certificates to support the acquisition of accessible vehicles. Alexandria, unlike Arlington and other jurisdictions, currently has no accessible vehicles in its taxicab fleet. A reduction in certificates will result in increased stand dues for the drivers in the companies serving the City. The infrastructure cost will remain the same for the companies that provide dispatch service and the companies should not be forced to absorb a loss. This could result in more income for the remaining drivers but only if they are not competing with a subsequent

increase of independent regular drivers. A recall of certificates will reduce the employment opportunities for drivers.

We agree with recommendation (3) and support changing the City Code to require a specific dispute resolution process between taxicab companies and drivers. There should be some provision for drivers to pay for the arbitration and legal costs if their complaint is without merit. The report uses the phrase "or a completely independent person." We believe that only qualified arbitrators or mediators should handle disputes.

We do not support recommendation (4); that is, including a taxicab representative on the TPB. Taxicab issues are currently a minor portion of the TPB's business. Over the last two years, there has only been one customer complaint brought before the TPB and the complaint was without merit. We believe that any reduction of managerial oversight, currently provided by the companies, would result in more complaints and that any issuance of certificates directly to drivers would reduce the companies ability to provide necessary oversight and resolve issues before they go to the City and the TPB. When and if taxicab issues are brought before the TPB, it would be better for the Board members to listen to staff, hack inspector, citizen, company and driver comments objectively and then vote accordingly. In accordance with appropriate ethical standards, Board members should actually recuse themselves from voting on an issue where they have any involvement.

We do not support recommendation (5). As we each stated repeatedly throughout the many meeting and deliberation of the TTF, we do not believe that certificates should be issued directly to drivers in any form. The Staff, with input from Councilwoman Woodson, developed the details of both options set forth within the report after final adjournment of TTF. The City does not have accurate data to determine who would be qualified for a "free agent" certificate. It would be possible for a long-term driver to have many complaints during his tenure, which had been settled by the companies. Who would decide who would become a free agent? If the City adopted a practice of issuing a few taxi driver-controlled certificates without clearly defined criteria, the City would be sanctioning an inequitable two-level class-cast system. Such a practice would even present an opportunity for corruption.

We hope that these comments aid you in your deliberations as you make decisions that will influence the future direction of the taxicab industry in Alexandria.

Sincerely Yours,

Chet Avery, Persons with Disabilities Representative  
Ken Aggrey, Company Representative  
John Muir, Company Representative  
Tom Walczykowski, Traffic and Parking Board Representative



1/24/03

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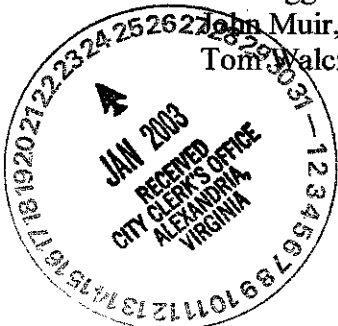
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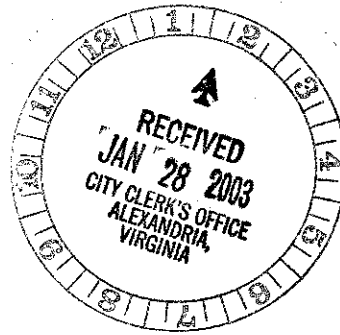


1-22-03

To: Columbus cab corp.

FR: Randy Stephens

Re: Recent rate increase



Charles, I'm writing this letter in response to the January's statement requesting a rate increase. First let me recognize and applaud your decision to move on my suggestion that the three smaller companies join together to provide dispatch services to your drivers. After paying for services not received is a welcomed change to finally get what we were paying for all the time. With that said I am concern about the raise in fees, with our rates fixed by the city we cannot pass any of our cost to our consumers. As it stands all rate increases were order frozen until this task force sorted out the issues. The city recognized that it could not regulate your business, but the city council also said that it wouldn't respond favorably to any company increase of dispatch fees.

So at this time I not will pay the regular fees until I see a business plan and marketing strategy that will justify this increase. Where as I'm not opposed to eventually having the dispatch fees increased, but there are a lot of unanswered questions of the operation and there has been no notice of the companies plans.

Further, it would seem that if three companies came together to provide services there would be a natural deduction of cost, as opposed to an increase. Where there were three separate rentals there is now one to house three, the same could be said for utilities, office managers and the like. Further the ease of dispatching have not fallen to professional hands so that is no additional cost association there.

I am not looking to create trouble but I am rather tired of not getting my monies worth when you pay for a service that you do not get and as soon as some effort is made to provide simply what we pay for you find the need to increase the dispatch fees. Finally, I wish to say that if somebody sues me for anything I don't think that you would be willing to help me pay for legal help, so I don't see that lawsuits against you should affect me.

There are a number of thing that could be done to create a flow of city business for the affiliated companies. So far you've made a start and with the help of us who are out here every day you can set up a proper dispatch system instead of just a shell. Section off the city and teach the dispatch office how to bid calls when they are received so that the close's cab in the area gets it, so that prompt service makes them repeat callers.



Again I want to thank you for acting on the idea, but there is so much that needs to be done yet to justify additional dispatch fees and keep everybody happy and on the same page so the future can be profitable for all. I'm prepared to do my share and I have the great fortune to know the way to go in this effort.



Randy Stephens

cc: Alex. United Taxicab Operators  
City Manager, and Council  
United Taxicab Operators