

EXHIBIT NO. 1

23
6-9-04

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 4, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: CONSIDERATION OF PROPOSALS TO CHANGE HOW THE TAXICAB
INDUSTRY IS REGULATED BY THE CITY OF ALEXANDRIA

The taxicab report from Councilmen Gaines and Krupicka will be provided to Council early next week before the Wednesday, June 9 Council meeting.

cc: Rich Baier, Director, Transportation and Environmental Services
Tom Culpepper, Deputy Director, Transportation and Environmental Services

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 8, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: COUNCILMAN LUDWIG GAINES *PS LG*
COUNCILMAN ROB KRUPICKA *PS RK*

SUBJECT: REGULATORY FRAMEWORK FOR THE TAXICAB INDUSTRY

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

RECOMMENDATION: That City Council:

- (1) Receive this report and the attached update on progress made since the May 25, 2004, Council meeting on a regulatory framework for the Alexandria taxicab industry (Attachment); and
- (2) Consider a final recommended regulatory framework, which will be prepared over the next ten days, at the June 22, 2004, legislative meeting.

BACKGROUND: At its May 25 legislative meeting, Council asked for two members to review the various taxicab framework proposals submitted to Council and, with staff and consultant support, develop a recommended framework for Council consideration and action. This framework development was begun based upon previously submitted proposals and upon previous input from public hearings, work sessions, email communications, and other discussions with stakeholders and affected parties, as well as input from Council members. Substantial progress has been made since the May 25 Council meeting. However, despite a substantial effort on our part, the recommended framework remains a work in progress, with several key elements still to be refined and/or incorporated into the plan. We feel these remaining elements can be adequately resolved during the next two weeks, and we ask Council to receive the attached summary of the framework as now developed, provide comments on this framework and approve our return with a final recommended framework to Council at its June 22 legislative meeting. Due to the complexity of the issues, this additional time spent on development of the recommended framework is necessary and should not delay Council's schedule for resolving this issue.

DISCUSSION: During the past two weeks, we have worked with staff and the City's advisor, Bruce Schaller, to develop a framework for taxicab regulation that reflects the needs of the City

and equitably balances competing industry interests. A summary of the draft framework, as developed to date, is attached. Key elements of the draft framework include:

1. A significant number of certificate cards (between 226 and 275) may be held by drivers who qualify as “master drivers” based on experience, training and driving record and possibly other factors.
2. Company-held certificate cards are issued based on verifiable demand for dispatch service, and the relative demand and service needs for the city-based and airport markets.
3. All drivers are required to be affiliated with a cab company and may serve City and/or airport markets as desired. Drivers holding certificate cards can move freely among companies. All companies must provide adequate dispatch service based on both functional capability and documented performance requirements.
4. An implementation period is provided for drivers to qualify for “master driver” status and for companies to develop meaningful dispatch service.
5. Company size is controlled by its demonstrated level of dispatch service. No more than 40 percent of all drivers holding certificate cards may be affiliated with any single company. There is no need for “backfill” which could result in an undesired increase in the number of cabs regulated by the City.

An important aspect of the framework that is being developed is the interrelationships among the individual elements (e.g., how the number of driver-held certificates might impact a company’s dispatch capability) and their impacts on other issues of concern (e.g. how would new-start companies be accommodated). In our view, these issues require further consideration as this framework is refined and finalized. There also remain several matters yet to be incorporated in the recommended framework. These include:

1. Provisions for new-start companies both during and following the implementation period;
2. Incentives for alternate fuel and ADA wheelchair accessible vehicles;
3. Structure for increased industry oversight and regulatory enforcement;
4. Process and scope for industry reviews and decisions on matters such as the number of authorized taxicabs, regulated fares, and industry fees and charges;
5. Adoption of taxicab vehicle age and/or mileage limits; and
6. Potential role of Traffic and Parking Board in the administration of the new regulatory framework.

We intend to address these remaining issues during the next two weeks, and submit a final recommended framework for Council consideration and approval before the upcoming recess. It is anticipated that, following Council adoption of a final framework, we, together with staff and the City’s taxicab advisor, will work with the affected industry parties to:

1. Develop the supporting details required to implement the adopted framework; and

2. Return to Council a detailed regulatory plan along with draft ordinance and regulations implementing the adopted plan in September.

FISCAL IMPACT: Undetermined at this time.

ATTACHMENT: Summary of Proposed Framework for Taxicab Regulation

STAFF:

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

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

Summary of Proposed Framework for Taxicab Regulation

Feature	Proposed system
Dispatch requirement	Dispatch required of all companies. Companies must be able to dispatch a cab to customers who call the company. A clear definition of adequate dispatch service (based on both function and performance) will be developed. Requirement will be phased in.
Number of certificate cards held by drivers and companies	226-275 certificate cards (35-43% of the 645 total certificate cards) issued to "master drivers" from a pool of drivers who meet criteria that include experience, completion of required training and a good record. Cards to be issued over period of about two years. 370-419 certificate cards issued to companies. Each company to have enough taxicabs to meet the service needs of customers who telephone for a cab. The number issued to each company is re-evaluated and adjusted annually.
Backfill for drivers leaving a company	No separate backfill provision.
Issuance of additional certificate cards (in addition to backfill provision, if any)	Number of certificate cards issued to companies is adjusted as company dispatch volumes change. City can reduce the number of taxicabs through attrition as drivers or companies return cards to the City when no longer in use, and by reducing the number of certificate cards issued to companies in the annual review process.
Ceiling on company size	No more than 40% of driver-held cards may be affiliated with any single company. No ceiling on company-held certificate cards (number to be based on number of cabs serving dispatch calls).
Driver movement	Drivers with their own certificate card can move between companies provided the company accepts them. Other drivers can move to another company based on availability of open certificate cards.
Transferability of certificate cards	Certificate cards are not transferable. Cards are returned to City if not used for 90 days.
Driver affiliation	Driver must affiliate with a cab company.
Driving requirement for driver-held certificate cards	Taxi must be driven principally by certificate card holder. Drivers may rent out their cab to other drivers subject to reasonable limits, contingent on reasonable enforcement method.
Limitations on where drivers may pick up passengers	None (no airport-only cabs).
New companies	New companies may form based on attracting drivers with certificate cards. New companies may also obtain allocation of new certificate cards from City by showing public convenience and necessity under a standard to be defined, e.g., identification of poorly served or underserved markets. Number of cards issued to a new company may be ramped-up as the new company meets the needs of the target market(s) as identified in the application. In the annual review process, city may use attrition to offset issuance of new cards and thereby maintain a stable number of cabs citywide.

Feature	Proposed system
Other key features of framework	<ul style="list-style-type: none"> ▪ Phase-in period will provide the opportunity for all companies to develop a meaningful dispatch service. ▪ Companies cannot charge different stand dues to drivers who hold certificate cards than to drivers using company-held cards (i.e., while stand dues can vary for other factors such as experience, stand dues must be charged equitably to drivers who hold and do not hold a certificate card). ▪ Merger or purchase of existing companies must establish public interest and include detailed business plan for meeting company requirements for dispatch. ▪ All regulations and code provisions to be fully and uniformly enforced.
Additional provisions to be included with code and rule revisions	<ul style="list-style-type: none"> ▪ Establish maximum age and mileage limits for taxicab vehicles. ▪ Establish incentives for wheelchair-accessible vehicles (e.g., “bonus” certificate cards or extension of the age/mileage limits). ▪ Establish incentives for hybrid or alternative fuel vehicles (e.g., same as above). ▪ Fees evaluated to achieve cost recovery. ▪ Establish regular review of fees (e.g., one to three-year cycle). The fee analysis will be included in the City’s annual report on the industry. ▪ Taxicab rate of fare evaluated at regular interval, coordinated with review of fees. ▪ City’s annual report on the industry will also include data collection and analysis of changes in trip volumes in each market segment (dispatch calls completed, taxi stand pickups and airport pickups), as part of annual evaluation of overall number of taxicabs. ▪ Require ongoing submission of industry information (e.g., company service and financial information, driver manifests, company stand dues).

Impacts on Industry, Service and Regulatory Activities, and Experience of Other Cities

	Proposed system
Industry impacts	<ul style="list-style-type: none"> ▪ Increased competition for drivers since a substantial number of drivers would have a certificate card. ▪ Smaller companies are mandated to build their dispatch call volumes. They may serve dispatch trips using current drivers and/or by attracting drivers who hold their own certificate card. Companies can attract current cab users from other companies and can grow the overall market – an opportunity shown by the customer survey. ▪ Level playing field for companies since same requirements apply to all. ▪ Smaller companies will be likely to merge in part or in whole during the phase-in period to form effective dispatch companies.
Service impacts	<ul style="list-style-type: none"> ▪ Increased competition among dispatch companies as companies have tools and incentive to build their call volumes. ▪ Rewards and incentives for “master drivers” will promote high quality cab service.
City regulatory impacts	<ul style="list-style-type: none"> ▪ City must track affiliation of drivers who hold certificate cards. ▪ City must establish driver training program for drivers who want to qualify for master driver status. ▪ City must enforce driving requirement for drivers who hold a certificate card, and use requirement for all certificate cards. ▪ City must conduct annual review of industry that will include a market analysis, analysis of company service and financial information, determination that companies are complying with the dispatch requirements. ▪ City must also conduct periodic (e.g., bi-annual or tri-annual) review of rate of fare and fees.
Experience of other cities with similar regulatory systems	<ul style="list-style-type: none"> ▪ Cities commonly issue certificate cards (or their equivalent) to companies whose cabs primarily serve dispatch trips. This approach provides companies with the ability to manage the activities of their drivers and meet service needs of customers. Examples in the DC area include Arlington, Fairfax County and Montgomery County. This is the most common approach across the U.S. as well. ▪ Cities in which 10-30% of certificate cards (or equivalent) are issued to drivers have maintained reasonable quality of dispatch service while also increasing driver mobility and competitiveness of stand dues. An example is San Diego. Many of the drivers who have their own certificate cards tend to work taxi stands and/or the airport.