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# M E M O R A N D U M

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**DATE:** December 2, 2004  
**TO:** City Council Members  
**FROM:** Russell Weeks  
**RE:** Proposed Ordinance: Amendment to *City Code* Section 5.72.457 titled *Annual Review of Taxicab Minimum Rates*  
**CC:** Cindy Gust-Jenson, Rocky Fluhart, Sam Guevara, David Dobbins, Ed Rutan, Tim Campbell, Gary Mumford, Larry Spendlove, Laurie Donnell, Larry Bowers

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This memorandum is intended to address issues pertaining to a proposed ordinance to amend *City Code* Section 5.72.457 titled *Annual Review of Taxicab Minimum Rates*. The proposed amendment is scheduled for discussion at the City Council's work session December 7.

## **OPTIONS**

- Adopt the proposed amendment.
- Do not adopt the proposed amendment.

## **POTENTIAL MOTIONS**

City Council staff understands that this item is scheduled only for discussion. Staff will prepare motions after the Council's discussion.

## **KEY POINTS**

- The proposed amendment would remove the words "No later than March 1 of each year" from the first sentence in Paragraph A of Section 5.72.457. If adopted, the effect of the proposed amendment would be that the three taxicab companies holding certificates of convenience and necessity could immediately file a petition seeking an increase in rates they charge customers.
- The elimination of the words "No later than March 1 of each year" is the only amendment proposed for Section 5.72.457. The rest of the section contained in the current City Code would remain in effect, including Paragraph D, which says in part: "The decision of the hearing officer ... shall act as a recommendation to the City Council. ... The City Council may accept, modify, or reject the hearing officer's recommendations."
- The proposed ordinance was part of a package of proposed amendments the Administration forwarded to the City Council earlier this year. The Council adopted some of the proposed amendments at its August 24 meeting. However, the proposed amendment pertaining to maximum taxicab rates was not among the amendments the City Council adopted.

- The last time the City Council adopted an ordinance raising taxicab rates was 1998. The Council's based its decision in part on recommendations by a hearing officer who presided over a public hearing.
- City Council staff is close to having a final version of a scope of services for a contract with a consultant to study the taxicab/ground transportation industry. The draft scope of services includes the following items:
  1. Consultant shall provide a comparison of service rates of taxicab and shuttle operating in Salt Lake City with cities having equivalent markets and within the Intermountain West and the Pacific Northwest regions.
  2. Consultant shall determine whether taxicab drivers are making wages at or near national averages for taxicab drivers.

### **ISSUES/QUESTIONS FOR CONSIDERATION**

It is likely that the City Council will hire a consultant to study Salt Lake City's taxicab/ground transportation industry. As noted above, the study will be expected to address comparisons of Salt Lake City's market for taxicabs and ground transportation companies with equivalent markets nationwide and in the Intermountain West and Pacific Northwest regions. Would the proposed ordinance be better addressed after the City Council has the results of the planned study?

On the other hand, the proposed amendment only would eliminate a March 1 deadline in the current ordinance. The current ordinance specifies that the City Council "may accept, modify, or reject the hearing officer's recommendations" relating to proposed rate increases. Given the City Council's authority under the current ordinance, the results of hearings held on the taxicab companies' petition for a rate increase could be considered in conjunction with any study a consultant may undertake. In addition, information provided by the taxicab companies and any expert witnesses in preparation for the public hearing on a rate increase might be available for study by any consultant the City Council may hire.

Paragraph A of the current Section 5.72.457 contains the following:

... each person holding a certificate of public convenience and necessity to operate taxicabs within the City shall file with the City business license supervisor a petition regarding the adequacy of the existing maximum rates as set forth in Section 5.72.455 of this Article, or its successor section. Said petition shall state whether, in the opinion of the certificate holder, the existing maximum rates are at an appropriate level, or whether such rates should be increased or decreased. If the petition indicates that the said rates should be increased or decreased, the person submitting such petition shall supplement the petition with documentation in support of such increase or decrease ...

The proposed amendment would not change that language. When the language is coupled with the language establishing a March 1 deadline, the intent of the existing ordinance appears to be a requirement that the taxicab companies holding certificates of public convenience and necessity file an annual report on the state of the taxicab industry's rates. The title of the section also would seem to indicate an annual review of the taxicab industry's rates. However, earlier discussions involving the rate review indicated that the reason the taxicab companies originally sought elimination of the March 1 date was that the date had passed by the time the companies felt it was necessary to petition for a rate increase. Two questions then might be: 1.) Is it

necessary public policy to have an annual review of taxicab rates? 2.) If an annual rate review is necessary public policy, what date – March 1 or otherwise – would be an appropriate deadline for the taxicab companies to submit an annual report or petition?

## **BACKGROUND/DISCUSSION**

Council staff believes that the major issues have been outlined in the previous sections. It probably bears repeating that the proposed amendment was part of the original package of amendments the Administration submitted earlier this year. The Administration has indicated at times that taxicab drivers are facing increased financial pressure due to the increased cost of gasoline and – the at least perceived – erosion of their markets.

Two questions the City Council may wish to consider, then, are:

- Would eliminating the March 1 deadline in Section 5.72.457 help establish empirically the Administration’s description of taxicab drivers’ financial status?
- Would eliminating the March 1 deadline impede any consultant’s study the City Council may authorize, or would information provided for a hearing authorized under the ordinance be helpful to a City Council study, and allow the City Council to verify the information before making a final decision on rates?