
MEMORANDUM

DATE: March 8, 2006
TO: City Council Members
FROM: Russell Weeks
RE: Proposed Ordinance to Enact a Temporary 50-cent Surcharge on Taxicab Fares
CC: Cindy Gust-Jenson, Rocky Fluhart, Sam Guevara, Ed Rutan, Louis Zunguze, Orion Goff, Edna Drake, Gary Mumford, Melanie Reif

This memorandum pertains to a proposed ordinance that would increase Salt Lake City taxicab flag-drop rates from \$2 to \$2.50 for six months. According to taxicab industry representatives' testimony, the increase would go to cab drivers to compensate them for a gasoline price spike last fall.

The proposed ordinance is scheduled for a City Council briefing on March 21. The City Council generally has held public hearings on issues involving proposed changes to taxicab industry regulation when they have arisen because it is an industry currently regulated under certificates of public convenience and necessity.

OPTIONS

- Forward the proposed ordinance for a public hearing and formal consideration.
- Do not forward the proposed ordinance for formal consideration.
- If the proposed ordinance is forwarded for formal consideration, schedule a public hearing.
- If the City Council formally considers the proposed ordinance, it could:
 - Adopt the ordinance.
 - Not adopt the ordinance.
 - Amend the ordinance to reflect a higher or lower increase than the one proposed or a time longer or shorter than the six-month period proposed.
 - Indicate to the City Attorney's Office that the City Council would like to consider a different procedure for considering rate changes when gasoline prices fluctuate.
 - Adopt the ordinance but amend it to require taxicab companies to freeze lease rates during the time the surcharge is in effect to help make sure taxicab drivers collect the entire surcharge.
 - Not adopt the ordinance but consider mechanisms to address rates and gasoline price fluctuations in the planned revision of ground transportation ordinances that will implement a contract method of regulating the taxicab industry.

POTENTIAL MOTIONS

- I move that the City Council adopt the ordinance amending Section 5.72.455 pertaining to maximum taxicab rates.
- I move that the City Council consider the next item on the agenda.
- I move that the City Council adopt the ordinance amending Section 5.72.455 pertaining to maximum taxicab rates with the following amendments:
 - That the proposed flag-drop hike be (decreased/increased) by (ten cents, twenty cents, thirty cents, forty cents, fifty cents).
 - That the proposed six-month period be (decreased/increased) by (one month, two months, three months, four months, five months, six months).
- I move that the City Council consider the next item on the agenda, and that the City Attorney's Office prepare an amendment to Section 5.72.457, titled *Annual Review of Maximum Rates*, that either would eliminate Paragraph E or substitute Paragraph E with a more flexible procedure than is now in the ordinance.
- I move that the City Council adopt the ordinance amending Section 5.72.455 pertaining to maximum taxicab rates with the following amendment: That during the time the surcharge is in effect the rates taxicab companies they charge drivers to lease vehicles or the companies' name shall be frozen to make sure that drivers receive the benefit of the surcharge.
- I move that the City Council consider the next item on the agenda but direct City Council staff to work with the Administration to implement a mechanism for dealing with the fluctuation of gasoline prices as part of the City's revision of ordinances to move to a contract method of regulating the taxicab industry.

KEY POINTS

- The taxicab industry is seeking a 50-cent surcharge on taxicab flag-drop rates for six months. The industry contends that the surcharge would compensate taxicab drivers for an increase in gasoline prices that occurred at the same time Hurricane Katrina struck the Gulf Coast in late August 2005.
- The surcharge would be in addition to the maximum rate increase for the flag-drop rate that the City Council adopted in May 2005. The other rates would remain the same as adopted in May 2005.
- The proposed ordinance is based on recommendations made January 20, 2006, by an administrative hearing officer after a hearing on November 23, 2005.

ISSUES/QUESTIONS FOR CONSIDERATION

- Is it sound and equitable policy to increase a fee or charge to make up for an event that occurred in the past?
- Given the potential for fluctuations in gasoline prices, do the City's ordinances regulating the taxicab industry provide enough flexibility to address circumstances involving gas price fluctuation, or should City government take a longer view of price fluctuations before determining a need to increase fares?
- What effect would a six-month, 50-cent increase in the drop fare rate have on local taxicab customers, many of whom have fixed incomes?

- Given that the taxicab companies on November 23, 2005, changed their request from a \$1 surcharge in the drop-fare to a 50-cent surcharge, how did the companies arrive at price for a surcharge?
- If an increase is adopted, should the increase be as long as the six months recommended by the administrative hearing officer?
- If the City Council adopts the proposed increase, how will the City know that the entire increase ultimately went to taxicab drivers?
- When the City Council enacted fare increases on May 3, 2005, the cost per gallon of regular unleaded gasoline in the Rocky Mountain Region was \$2.265. When the taxicab companies petitioned on September 20, 2005, for a \$1 surcharge on drop rates the cost per gallon of regular unleaded gasoline in the Rocky Mountain Region was \$2.873 – an increase of 60.8 cents per gallon.¹
- The cost per gallon of regular unleaded gasoline appeared to have peaked in the Rocky Mountain Region at \$2.978 on September 5. When the administrative hearing officer heard the taxicab companies' petition on November 23, 2005, the cost per gallon of regular unleaded gasoline in the Rocky Mountain Region was \$2.252 – a decrease of 72.6 cents. When the administrative hearing officer signed the recommendations on January 20, 2006 the per gallon cost of regular unleaded gasoline was roughly \$2.20 to \$2.22.²
- The fare increases the City Council enacted on May 3, 2005 were the first fare increases for taxicab drivers since April 6, 1999. Again, when the City Council enacted fare increases on May 3, 2005, the cost per gallon of regular unleaded gasoline in the Rocky Mountain Region was \$2.265. When the City Council enacted fare increases on April 6, 1999, the cost per gallon of regular unleaded gasoline in the Rocky Mountain Region was \$1.162 – a difference of \$1.103 between April 1999 and May 2005.³
- Given the above, at what point is it necessary to consider an increase in gasoline prices as a special circumstance warranting action?

Discussion/Background

The proposed ordinance stems from a September 20, 2005, written request from the taxicab industry for a \$1 surcharge on the flag-drop rate. The request was made in response to a surge in gasoline prices after Hurricane Katrina struck the Gulf Coast on August 29, 2005. According to a September 20 letter to the City's business and licensing administrator, the companies proposed "the increased flag drop rate remain in effect until the gas prices retreat to the price levels that existed at the time the maximum rates were last increased."⁴

The City Council on May 3, 2005, adopted the following maximum rates for taxicabs: A \$2 flag-drop rate (an increase of 40 cents from the previous \$1.60 rate); a 20-cent increase in the per mile rate (from \$1.60 per mile to \$1.80 per mile); a \$1 increase in waiting time rate (from \$21 to \$22); and a \$2 increase in the minimum airport rate (from \$10 to \$12). The increases were the first since April 6, 1999.

It should be noted that when the City Council adopted the maximum rates, the rate was higher than the taxicab industry originally sought.⁵ The taxicab industry petitioned for a flag-drop rate of \$1.75 – a 15-cent increase over the then existing flag-drop rate of \$1.60. Earlier versions of the petitions also sought a lower increase in the per mileage rate than the City Council ultimately approved.⁶

It also should be noted that the taxicab industry suggested alternate rates “to provide for the future and to avoid repeated requests for increases.”⁷ The proposed alternate rates were: Flag-drop -- \$2.05; per mile rate -- \$2; Waiting time -- \$25; and minimum fare from the airport \$15.

Finally, it might be noted that the City Council on April 6, 1999, adopted the following maximum rates for the taxicab industry: The flag-drop rate was increased from \$1.25 to \$1.60 (a 35-cent increase), and the per-mile rate was increased from \$1.50 per mile to \$1.60 per mile (a 10-cent per mile increase). The ordinance adopted in April 1999 also instituted the waiting time rate and the minimum airport rate.

At the time of the taxicab industry’s September 20, 2005, request, Salt Lake City did not have a legal mechanism in its ordinances to increase taxicab rates in what might be considered emergency or special circumstances.

On November 1, 2005, the City Council adopted Ordinance No. 64 which contained the following language:

E. If in the determination of the mayor or the city council it is decided that certain special circumstances warrant an additional hearing during a calendar year, then either the mayor or the city council may direct that a hearing be scheduled. A holder of a certificate of public convenience and necessity to operate a taxicab within the city who has already received a hearing under subsection A of this ordinance may petition the mayor or city council at any time under this provision. Neither the mayor nor the city council is required to grant the petition for a hearing. All other provisions governing fees and hearing procedures shall be the same as set forth above.

The taxicab industry then renewed its petition for a temporary flag-drop increase, and the petition was heard on November 23, 2005, by Administrative Hearing Officer Michael W. Crippen.

At the hearing the taxicab companies told Mr. Crippen that instead of a temporary \$1 increase to remain in effect “until the gas prices retreat to the price levels that existed at the time the maximum rates were last increased,” the companies sought a 50-cent increase for six months “to allow a catch-up for the high gas prices over the last six months.”⁸

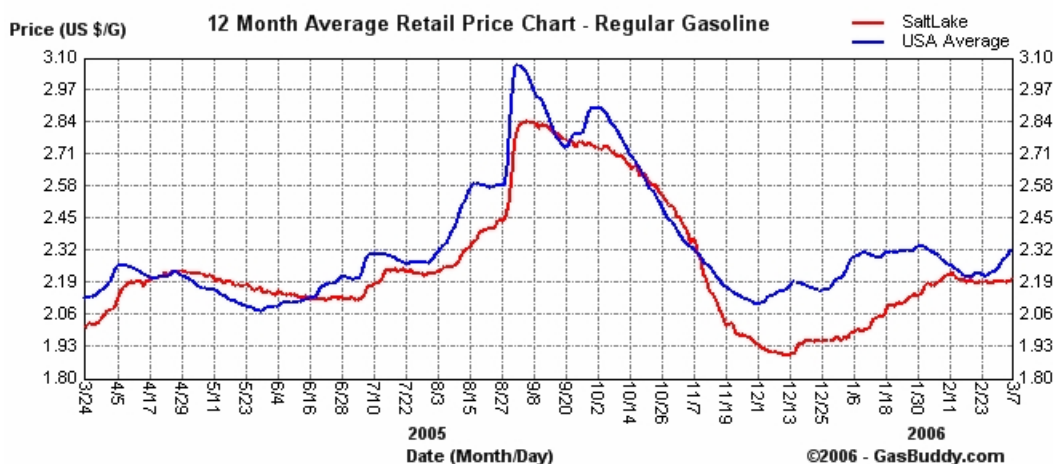
Some of the testimony included an economists’ written view that, “The taxicab industry depends heavily on gasoline. The take-home income of taxicab drivers is a function of the fares they earn and the costs they undertake. The two main costs that taxicab drivers undertake are the cost of renting the cab from the companies and the cost of gasoline.”⁹ During After hearing testimony from the taxicab companies and their representatives, Mr. Crippen recommended that:

- “The current flag-drop rate of \$2 should be increased to \$2.50 for a period of six months.
- “One hundred percent of the increase in the flag-drop rate should go to the taxicab drivers, and none of it should go to the Cab Companies”¹⁰

According to the hearing officer:

Although gasoline prices have now retreated, it is fair, reasonable and necessary to compensate the taxicab drivers for the loss they suffered during the recent period of increased gasoline costs. As set forth in (Exhibit 5), gas prices peaked at \$2.90 per gallon in the fall of 2005, increasing by nearly \$.75 per gallon from mid-summer, requiring the cab drivers to absorb this expense without any relief. Therefore, a temporary increase in the flag drop rate to compensate them retroactively is justified. ... It is fair and reasonable for the flag drop rate to be increased by \$.50 for a period of six months to cover the gas price index from at least August 2005 to November 2005 and maybe going back as far as April 2005.¹¹

The hearing officer appears to have based some conclusions on a graphic depiction of gasoline prices similar to the following one:



A few things might be of interest from the chart:

- The top line represents the U.S. average for the cost of a gallon of regular unleaded gasoline over 12 months. The bottom line is the average cost for a gallon of regular unleaded gasoline in Salt Lake City over the same period.
- The chart seems to indicate that gasoline prices started to climb precipitously about August 15, peaked at about September 3 and declined sharply October 26 – roughly a 14-week period.
- When the City Council enacted fare increases on May 3, 2005, the cost per gallon of regular unleaded gasoline in the Rocky Mountain Region was \$2.265. (The period between 4/29 and 5/11 on the chart.) The cost per gallon of regular unleaded gasoline in the Rocky Mountain region reached \$2.25 on the week of November 21.¹² (That roughly corresponds with the period between 11/7 and 11/19 on the chart.)
- The cost per gallon peaked in the Rocky Mountain Region the week of September 5 but had declined significantly by the week of October 24.
- Gasoline prices in the Salt Lake City area continued to fall even below the cost per gallon of gasoline on May 3, 2005 until about mid-February. Prices now are near the May 3, 2005 level or slightly higher. (The chart

appears to indicate that Salt Lake City gasoline prices always were a few cents lower than the national average. The chart also appears to show prices lower than figures compiled for the Rocky Mountain region. In addition, the website where the chart was created consistently lists Utah and Salt Lake City as having some of the lowest prices in the nation.)

- The hearing officers' interpretation of similar information appears to indicate that the proposed 50-cent surcharge was warranted before the City Council enacted new maximum rates on May 3, 2005.¹³

It appears to City Council staff that the period of steep increases in gasoline prices occurred more over a three-month period than a six-month period. It also appears that from late November to mid-February taxicab drivers paid for gasoline at levels lower than those on May 3, 2005.

If a 50-cent surcharge is authorized the drop-flag rate would rise from \$2 to \$2.50. It should be noted that when the City Council enacted the new maximum rates on May 3, 2005 the \$2 drop-flag rate brought the rate to the median point of 61 cities in the West. The average flag-drop rate of the 61 cities was \$2.30.

It also should be noted that the Council raised the per mile charge to the median per mile rate for the 61 cities. In addition, Salt Lake City is one of the few cities in the nation to charge an airport minimum fee. The City Council staff report for the May 3, 2005, public hearing on taxicab maximum rates quoted taxicab company representatives as saying Los Angeles charges a \$38 flat rate for trips to and from the Los Angeles International Airport, and the cities of Memphis, Tennessee, and Pensacola, Florida, respectively charge airport minimum fees of \$8 and \$6.

According to an Internet website operated by Schaller Consulting, the flag-drop rate in 10 of 23 major U.S. cities is \$2.50. Another 11 cities have flag drop rates lower than \$2.50, and two have flag-drop rates higher than \$2.50.¹⁴

Schaller Consulting noted that "12 of the 23 cities increased fares in 2005, partly in response to rising gasoline prices, and also as a result of many cities holding off on fare increases during the recession earlier in this decade." The twelve cities are Honolulu (May), Miami (October), Los Angeles (November), Seattle (April), Las Vegas (April), Philadelphia (July), Atlanta (October), Minneapolis (September), Houston (August), Chicago (May), Dallas (November), and Baltimore (July). Boston also apparently added a charge in December to bring up its flag-drop rate to \$2.50.

During the hearing in November, taxicab industry representatives discussed tying taxicab rates to fluctuations in gasoline prices. They proposed to implement a flag-drop rate that would be adjusted monthly to account for fluctuations in gasoline prices of more than \$.50, either up or down based on a base price of \$2 per gallon. The hearing officer recommended that the issue "should be appropriately left for decision by the City Council or Budget Office as a policy matter."¹⁵

The issue has a variety of facets to explore. First, City representatives at the hearing noted that current ordinances allow taxicab companies to lower maximum fares without hearings. Second, a sliding scale that would rise or fall 50 cents based on a \$2 floor appears weighted in favor of increasing flag-drop rates. The last time a gallon of regular gasoline's average cost was less than \$1.50 in the Rocky Mountain Regions was

the first week in January 2004.¹⁶ Third, it would seem necessary to explore the effect fluctuating drop fees may have on local residents who use taxicabs for reasons other than going to the Salt Lake City International Airport. In particular, the City Council may wish to study what effect a higher drop-flag rate might have on local taxicab customers.

Finally, as indicated earlier in this memorandum taxicab drivers appear to have two major costs: fuel for their vehicles and “renting the cab from the companies.” The hearing officer recommended that if the City Council enacts a surcharge the “increase in the flag-drop rate should go to the taxicab drivers, and none of it should go to the Cab Companies.” If the City Council wanted to make absolutely sure that an increase would go to taxicab drivers, it might wish to explore amending the ordinance to freeze taxicab lease rates at current levels until the proposed need for a surcharge ends.

Another method of monitoring whether a surcharge went directly to drivers would be the taxicab companies could provide verification that it did in the companies’ annual report to the City. Section 5.72.457 reads in part:

Each person holding a certificate of public convenience and necessity to operate taxicabs within the city *shall* (Italics: Council staff) file with the city business license supervisor once during the calendar year a petition regarding the adequacy of the existing maximum rates as set forth in section 5.72.455 of this chapter, 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.

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- ¹ Please see Attachment No. 1, Page 3.
- ² Please see Attachment No. 1, Page 3.
- ³ Please see Attachment No. 1, Page 2.
- ⁴ Please see Attachment No. 2
- ⁵ Please see Attachment No. 3.
- ⁶ Please see Attachment No. 4.
- ⁷ Please see Attachment No. 4.
- ⁸ Please see Administration Transmittal, Michael W. Crippen ... Recommendation, Page 2.
- ⁹ Please see Administration Transmittal, Theodor P. Tatos, *Review of Proposed Flag Drop Fee Increase*, Page 4.
- ¹⁰ Please see Administration Transmittal, Michael W. Crippen ... Recommendation, Page 8.
- ¹¹ Please see Administration Transmittal, Michael W. Crippen ... Recommendation, Page 6 Paragraph 14, Page 7 Paragraph 17.
- ¹² Please see Attachment No. 1, Page 3.
- ¹³ Please see Administration Transmittal, Michael W. Crippen ... Recommendation, Page 7 Paragraph 17
- ¹⁴ Please see Attachment No. 5.
- ¹⁵ Please see Administration Transmittal, Michael W. Crippen ... Recommendation, Page 8.
- ¹⁶ Please see Attachment No. 1, Page 3.



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View History: ☒ Weekly ☐ Monthly ☐ Annual

Rocky Mountain Regular All Formulations Retail Gasoline Prices (Cents per Gallon)

Year-Month	Week 1		Week 2		Week 3		Week 4		Week 5	
	End Date	Value	End Date	Value	End Date	Value	End Date	Value	End Date	Value
1992-May			05/11	111.7	05/18	116.9	05/25	115.9		
1992-Jun	06/01	115.5	06/08	117.8	06/15	121.2	06/22	121.9	06/29	121.2
1992-Jul	07/06	120.0	07/13	120.0	07/20	120.8	07/27	119.8		
1992-Aug	08/03	118.9	08/10	118.7	08/17	118.0	08/24	121.3	08/31	120.3
1992-Sep	09/07	120.2	09/14	118.8	09/21	117.8	09/28	117.3		
1992-Oct	10/05	116.7	10/12	118.3	10/19	117.7	10/26	115.8		
1992-Nov	11/02	120.6	11/09	119.5	11/16	118.2	11/23	117.1	11/30	115.7
1992-Dec	12/07	114.9	12/14	113.6	12/21	112.7	12/28	111.7		
1993-Jan	01/04	110.5	01/11	109.2	01/18	107.6	01/25	111.9		
1993-Feb	02/01	110.6	02/08	109.9	02/15	108.6	02/22	107.8		
1993-Mar	03/01	108.4	03/08	108.0	03/15	108.1	03/22	110.8	03/29	110.3
1993-Apr	04/05	109.3	04/12	111.8	04/19	112.0	04/26	116.9		
1993-May	05/03	116.1	05/10	114.3	05/17	113.6	05/24	117.0	05/31	116.4
1993-Jun	06/07	114.9	06/14	113.7	06/21	113.2	06/28	112.0		
1993-Jul	07/05	111.1	07/12	113.4	07/19	112.4	07/26	111.4		
1993-Aug	08/02	110.3	08/09	109.2	08/16	113.4	08/23	112.9	08/30	112.1
1993-Sep	09/06	110.8	09/13	110.8	09/20	109.3	09/27	113.2		
1993-Oct	10/04	115.5	10/11	114.4	10/18	114.9	10/25	120.2		
1993-Nov	11/01	118.6	11/08	116.9	11/15	115.8	11/22	117.1	11/29	115.8
1993-Dec	12/06	115.4	12/13	113.5	12/20	111.5	12/27	109.8		
1994-Jan	01/03	108.5	01/10	106.5	01/17	109.2	01/24	107.5	01/31	106.3
1994-Feb	02/07	105.6	02/14	109.7	02/21	107.3	02/28	106.2		
1994-Mar	03/07	104.2	03/14	108.9	03/21	106.4	03/28	103.6		
1994-Apr	04/04	102.7	04/11	108.1	04/18	105.9	04/25	103.9		
1994-May	05/02	103.9	05/09	110.4	05/16	109.1	05/23	106.9	05/30	107.6
1994-Jun	06/06	113.5	06/13	112.6	06/20	112.8	06/27	115.6		
1994-Jul	07/04	114.2	07/11	119.4	07/18	117.9	07/25	116.3		
1994-Aug	08/01	121.5	08/08	123.5	08/15	123.4	08/22	123.0	08/29	129.3
1994-Sep	09/05	128.2	09/12	126.6	09/19	124.9	09/26	123.0		
1994-Oct	10/03	120.5	10/10	117.8	10/17	116.0	10/24	121.3	10/31	118.9
1994-Nov	11/07	117.4	11/14	120.9	11/21	118.6	11/28	115.6		
1994-Dec	12/05	116.9	12/12	116.9	12/19	114.4	12/26	112.1		
1995-Jan	01/02	114.4	01/09	112.6	01/16	110.4	01/23	113.2	01/30	111.1
1995-Feb	02/06	109.1	02/13	111.9	02/20	109.9	02/27	108.2		
1995-Mar	03/06	112.1	03/13	110.1	03/20	108.4	03/27	113.1		
1995-Apr	04/03	111.7	04/10	114.8	04/17	114.1	04/24	112.3		
1995-May	05/01	116.6	05/08	114.6	05/15	119.0	05/22	117.6	05/29	118.0
1995-Jun	06/05	117.1	06/12	118.5	06/19	117.6	06/26	116.8		
1995-Jul	07/03	117.9	07/10	115.8	07/17	114.6	07/24	116.9	07/31	115.2
1995-Aug	08/07	113.1	08/14	116.3	08/21	115.0	08/28	113.3		
1995-Sep	09/04	113.0	09/11	116.6	09/18	116.3	09/25	115.1		
1995-Oct	10/02	117.7	10/09	115.8	10/16	112.9	10/23	111.6	10/30	115.4
1995-Nov	11/06	113.4	11/13	111.6	11/20	116.0	11/27	114.7		
1995-Dec	12/04	112.2	12/11	114.0	12/18	112.3	12/25	112.6		
1996-Jan	01/01	111.3	01/08	112.6	01/15	111.9	01/22	109.1	01/29	113.0
1996-Feb	02/05	111.5	02/12	108.5	02/19	113.8	02/26	111.8		
1996-Mar	03/04	116.0	03/11	114.3	03/18	112.2	03/25	117.8		
1996-Apr	04/01	117.4	04/08	122.5	04/15	123.2	04/22	123.7	04/29	131.1
1996-May	05/06	131.6	05/13	129.8	05/20	133.3	05/27	131.9		
1996-Jun	06/03	129.0	06/10	126.7	06/17	130.4	06/24	127.7		
1996-Jul	07/01	127.9	07/08	126.6	07/15	123.7	07/22	127.1	07/29	125.2
1996-Aug	08/05	123.9	08/12	127.7	08/19	125.4	08/26	127.8		

1996-Sep	09/02	126.5	09/09	125.0	09/16	128.4	09/23	126.7	09/30	125.0
1996-Oct	10/07	127.7	10/14	126.1	10/21	125.1	10/28	127.4		
1996-Nov	11/04	127.0	11/11	126.4	11/18	129.7	11/25	127.9		
1996-Dec	12/02	126.3	12/09	124.8	12/16	128.3	12/23	126.5	12/30	124.5
1997-Jan	01/06	123.6	01/13	126.0	01/20	124.7	01/27	126.0		
1997-Feb	02/03	124.0	02/10	126.3	02/17	124.8	02/24	124.2		
1997-Mar	03/03	126.1	03/10	124.2	03/17	125.9	03/24	123.5	03/31	121.9
1997-Apr	04/07	126.7	04/14	125.4	04/21	127.5	04/28	124.7		
1997-May	05/05	122.4	05/12	127.3	05/19	125.3	05/26	123.1		
1997-Jun	06/02	127.9	06/09	125.7	06/16	123.0	06/23	120.8	06/30	126.5
1997-Jul	07/07	125.2	07/14	127.5	07/21	125.3	07/28	122.7		
1997-Aug	08/04	125.3	08/11	125.5	08/18	128.0	08/25	128.1		
1997-Sep	09/01	126.5	09/08	130.5	09/15	128.5	09/22	125.9	09/29	124.6
1997-Oct	10/06	124.2	10/13	129.0	10/20	127.2	10/27	125.8		
1997-Nov	11/03	124.4	11/10	128.7	11/17	127.2	11/24	124.2		
1997-Dec	12/01	122.1	12/08	126.2	12/15	126.7	12/22	124.5	12/29	122.3
1998-Jan	01/05	120.1	01/12	117.8	01/19	120.3	01/26	117.7		
1998-Feb	02/02	114.6	02/09	109.8	02/16	105.3	02/23	109.7		
1998-Mar	03/02	105.3	03/09	103.1	03/16	101.6	03/23	99.3	03/30	104.3
1998-Apr	04/06	103.2	04/13	105.4	04/20	105.9	04/27	105.5		
1998-May	05/04	106.5	05/11	110.1	05/18	112.7	05/25	112.2		
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1998-Nov	11/02	108.7	11/09	108.1	11/16	109.5	11/23	107.9	11/30	106.5
1998-Dec	12/07	103.8	12/14	100.2	12/21	97.2	12/28	95.9		
1999-Jan	01/04	95.6	01/11	95.3	01/18	96.7	01/25	96.0		
1999-Feb	02/01	96.1	02/08	95.2	02/15	95.8	02/22	95.6		
1999-Mar	03/01	95.6	03/08	96.2	03/15	100.4	03/22	103.4	03/29	111.2
N-3 1999-Apr	04/05	116.2	04/12	118.2	04/19	118.9	04/26	119.2		
1999-May	05/03	119.6	05/10	121.6	05/17	121.3	05/24	120.9	05/31	119.9
1999-Jun	06/07	119.3	06/14	118.9	06/21	119.4	06/28	120.1		
1999-Jul	07/05	120.4	07/12	120.2	07/19	122.8	07/26	126.7		
1999-Aug	08/02	127.9	08/09	131.0	08/16	133.2	08/23	135.4	08/30	135.7
1999-Sep	09/06	136.0	09/13	136.2	09/20	136.1	09/27	135.7		
1999-Oct	10/04	135.2	10/11	134.7	10/18	134.7	10/25	133.6		
1999-Nov	11/01	132.6	11/08	131.7	11/15	131.5	11/22	130.7	11/29	130.6
1999-Dec	12/06	131.6	12/13	131.7	12/20	130.8	12/27	130.1		
2000-Jan	01/03	129.7	01/10	128.9	01/17	128.3	01/24	128.3	01/31	131.6
2000-Feb	02/07	131.6	02/14	132.9	02/21	135.6	02/28	138.1		
2000-Mar	03/06	145.0	03/13	150.6	03/20	154.1	03/27	154.5		
2000-Apr	04/03	154.1	04/10	153.0	04/17	151.1	04/24	149.3		
2000-May	05/01	147.3	05/08	146.1	05/15	148.5	05/22	150.5	05/29	150.9
2000-Jun	06/05	152.0	06/12	154.4	06/19	158.8	06/26	160.8		
2000-Jul	07/03	160.6	07/10	162.2	07/17	161.0	07/24	159.0	07/31	157.5
2000-Aug	08/07	156.0	08/14	154.5	08/21	153.8	08/28	154.5		
2000-Sep	09/04	154.8	09/11	158.4	09/18	161.2	09/25	161.7		
2000-Oct	10/02	160.8	10/09	159.7	10/16	159.7	10/23	161.1	10/30	162.7
2000-Nov	11/06	161.4	11/13	159.9	11/20	158.4	11/27	156.7		
2000-Dec	12/04	155.1	12/11	151.3	12/18	147.7	12/25	145.2		
2001-Jan	01/01	143.3	01/08	142.7	01/15	142.3	01/22	142.6	01/29	142.5
2001-Feb	02/05	143.8	02/12	144.0	02/19	143.7	02/26	143.3		
2001-Mar	03/05	142.4	03/12	143.4	03/19	142.8	03/26	143.3		
2001-Apr	04/02	145.8	04/09	148.3	04/16	150.5	04/23	155.0	04/30	159.1
2001-May	05/07	164.3	05/14	165.9	05/21	166.2	05/28	167.7		
2001-Jun	06/04	168.0	06/11	167.0	06/18	165.3	06/25	161.6		
2001-Jul	07/02	158.0	07/09	154.1	07/16	150.1	07/23	146.0	07/30	142.6
2001-Aug	08/06	139.5	08/13	139.4	08/20	143.1	08/27	149.5		

2001-Sep	09/03	156.8	09/10	157.5	09/17	157.7	09/24	155.8		
2001-Oct	10/01	152.8	10/08	149.7	10/15	146.5	10/22	141.8	10/29	137.3
2001-Nov	11/05	132.4	11/12	127.5	11/19	123.5	11/26	119.5		
2001-Dec	12/03	115.5	12/10	112.6	12/17	109.7	12/24	108.6	12/31	108.7
2002-Jan	01/07	109.4	01/14	112.1	01/21	112.5	01/28	111.7		
2002-Feb	02/04	110.9	02/11	110.4	02/18	110.1	02/25	111.6		
2002-Mar	03/04	111.9	03/11	116.9	03/18	124.3	03/25	131.4		
2002-Apr	04/01	136.2	04/08	138.0	04/15	139.0	04/22	138.8	04/29	139.6
2002-May	05/06	139.2	05/13	138.3	05/20	138.0	05/27	138.9		
2002-Jun	06/03	138.4	06/10	137.6	06/17	136.7	06/24	138.6		
2002-Jul	07/01	140.0	07/08	140.3	07/15	140.0	07/22	145.5	07/29	146.3
2002-Aug	08/05	146.3	08/12	145.6	08/19	144.9	08/26	145.0		
2002-Sep	09/02	144.6	09/09	144.4	09/16	144.0	09/23	143.7	09/30	144.2
2002-Oct	10/07	146.1	10/14	146.5	10/21	146.4	10/28	146.5		
2002-Nov	11/04	146.2	11/11	145.5	11/18	144.3	11/25	142.3		
2002-Dec	12/02	141.0	12/09	139.1	12/16	137.3	12/23	138.2	12/30	138.9
2003-Jan	01/06	141.1	01/13	141.3	01/20	141.4	01/27	143.8		
2003-Feb	02/03	148.3	02/10	155.9	02/17	161.8	02/24	162.6		
2003-Mar	03/03	164.6	03/10	166.7	03/17	168.0	03/24	167.1	03/31	164.7
2003-Apr	04/07	162.7	04/14	159.5	04/21	157.0	04/28	155.3		
2003-May	05/05	153.1	05/12	151.1	05/19	150.7	05/26	149.5		
2003-Jun	06/02	148.3	06/09	147.8	06/16	151.3	06/23	152.0	06/30	151.7
2003-Jul	07/07	151.9	07/14	152.1	07/21	154.1	07/28	157.1		
2003-Aug	08/04	158.2	08/11	162.1	08/18	164.9	08/25	171.0		
2003-Sep	09/01	174.9	09/08	174.0	09/15	172.0	09/22	167.8	09/29	163.3
2003-Oct	10/06	160.0	10/13	157.3	10/20	157.0	10/27	158.7		
2003-Nov	11/03	157.4	11/10	155.5	11/17	154.2	11/24	153.3		
2003-Dec	12/01	151.4	12/08	149.6	12/15	148.1	12/22	150.6	12/29	149.8
<i>N-16</i> 2004-Jan	01/05	149.3	01/12	152.2	01/19	154.0	01/26	156.9		
2004-Feb	02/02	156.6	02/09	157.2	02/16	158.9	02/23	160.3		
2004-Mar	03/01	163.9	03/08	170.7	03/15	172.5	03/22	174.4	03/29	177.5
2004-Apr	04/05	178.8	04/12	180.4	04/19	185.8	04/26	187.2		
2004-May	05/03	189.1	05/10	196.8	05/17	198.7	05/24	201.7	05/31	201.5
2004-Jun	06/07	200.6	06/14	198.2	06/21	194.7	06/28	192.5		
2004-Jul	07/05	190.3	07/12	190.7	07/19	192.6	07/26	192.0		
2004-Aug	08/02	190.8	08/09	190.0	08/16	188.9	08/23	190.1	08/30	189.6
2004-Sep	09/06	188.6	09/13	187.7	09/20	187.7	09/27	189.5		
2004-Oct	10/04	192.1	10/11	195.0	10/18	199.2	10/25	200.7		
2004-Nov	11/01	200.2	11/08	199.1	11/15	196.8	11/22	194.7	11/29	193.7
2004-Dec	12/06	191.9	12/13	187.7	12/20	185.4	12/27	182.0		
2005-Jan	01/03	180.0	01/10	177.6	01/17	177.7	01/24	179.2	01/31	182.7
2005-Feb	02/07	184.7	02/14	185.1	02/21	188.3	02/28	190.8		
2005-Mar	03/07	198.3	03/14	204.2	03/21	207.3	03/28	213.3		
2005-Apr	04/04	216.2	04/11	225.8	04/18	225.8	04/25	225.2		
<i>N-1</i> 2005-May	05/02	226.5	05/09	224.7	05/16	222.5	05/23	219.9	05/30	216.5
2005-Jun	06/06	215.4	06/13	215.8	06/20	215.8	06/27	218.4		
2005-Jul	07/04	221.5	07/11	227.7	07/18	229.6	07/25	228.7		
2005-Aug	08/01	227.9	08/08	231.8	08/15	244.0	08/22	254.6	08/29	258.3
<i>N-1 & 2</i> 2005-Sep	09/05	297.8	09/12	294.7	09/19	287.3	09/26	285.6		
2005-Oct	10/03	289.0	10/10	284.5	10/17	278.5	10/24	270.5	10/31	258.6
<i>N-2</i> 2005-Nov	11/07	246.4	11/14	234.7	11/21	225.2	11/28	218.2		
<i>AND 12</i> 2005-Dec	12/05	211.5	12/12	210.5	12/19	212.0	12/26	211.3		
<i>N-2</i> 2006-Jan	01/02	212.3	01/09	220.0	01/16	220.1	01/23	222.0	01/30	223.8
2006-Feb	02/06	224.3	02/13	223.4	02/20	221.6	02/27	223.5		
2006-Mar	03/06	227.5								

Updated on 3/6/2006

Source: U.S. Energy Information Administration

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WINDER & HASLAM PC
BUSINESS AND TRIAL ATTORNEYS

September 20, 2005

VIA HAND-DELIVERY

Edna Drake, Administrator
Business & Licensing Division
Salt Lake City Corporation
451 South State Street, Rm 225
Salt Lake City, UT 84111

Re: PETITION FOR TEMPORARY TAXICAB RATE INCREASE (FLAG DROP)

Dear Ms. Drake:

Our law firm represents Yellow Cab Drivers Association, Inc. ("Yellow Cab"), Ute Cab Company ("Ute") and City Cab Company ("City Cab"). The three cab companies would like to promptly increase the current flag drop from \$2.00 to \$3.00 – a \$1.00 increase.

This proposed temporary maximum rate increase impacts Section 5.72.422A of the Salt Lake City Code.

The cab companies request only a temporary increase in the flag drop rate in order to react to the recent surge in gasoline prices. The cab companies propose the increased flag drop rate remain in effect until the gas prices retreat to the price levels that existed at the time the maximum rates were last increased.

While all of the maximum rates were recently increased, those increases were based in part upon gasoline prices being about \$2.00 per gallon. See Findings of Fact, Conclusions of Law and Recommendation entered by Hearing Officer Michael Crippen on February 16, 2005, at p. 3, paragraph 9. See also Exhibits 7 and 9 offered at the January 20, 2005 hearing before Mr. Crippen. Since then, gasoline prices have increased substantially and now approach \$3.00 per gallon. This rapid and severe increase in gas prices has severely impacted taxicab drivers.

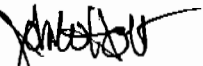
Due to the exigent circumstances presented by the current gasoline prices, the cab companies would appreciate having a hearing scheduled on this petition at the City's earliest convenience. A check for the filing fee is submitted with this petition.



Edna Drake
September 20, 2005
Page 2

Thank you for your kind attention to this matter. If you have any questions or concerns, please feel free to contact Don Winder or me.

Sincerely yours,



JOHN W. HOLT

JWH:jlj

cc: Larry Spendlove

File # 1001

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 175 West 300 South
 PO Box 2608
 Salt Lake City, Utah 84110-2608
 801 322-2222/phone
 801 322-2282/fax
 dwinder@winhas.com
 www.winhas.com

WINDER & HASLAM PC
 BUSINESS AND TRIAL ATTORNEYS

January 10, 2005

Edna Drake, Administrator
 Business & Licensing Division
 Salt Lake City Corporation
 451 South State Street, Rm 225
 Salt Lake City, UT 84111

Re: SECOND RENEWED PETITION FOR TAXICAB MAXIMUM RATE INCREASES

Dear Edna:

As you know, our law firm represents Yellow Cab Drivers Association, Inc. ("Yellow Cab"), Ute Cab Company ("Ute") and City Cab Company ("City Cab"). These taxicab companies would like to promptly increase their rates to the following levels:

Flag drop:	from \$1.60 to \$1.75	(\$.15 increase)
Per mile rate:	from \$1.60 to \$1.80	(\$.20 increase)
Waiting time:	from \$21.00 to \$22.00	(\$1.00 increase)
Minimum fare from airport:	from \$10.00 to \$12.00	(\$2.00 increase)

Those proposed rate increases will impact Section 5.72.422 A and B of the Salt Lake City Ordinances.

As you know, the last time rates were increased was seven years ago. Since the last increase in 1997, the costs of doing business have increased substantially, making it necessary for the taxicab companies to petition for the current increases. Most notably, the cost of gasoline is now \$2.00 per gallon. Insurance costs, the cost of living, and other expenses have also increased dramatically.

We would appreciate having a hearing scheduled in this petition at Salt Lake City's earliest convenience. We previously submitted a \$100.00 check for the filing fee.



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Ex. 4

Bdna Drake
January 10, 2005
Page 2

Thank you for your attention to this matter. If you have any questions or concerns, please feel free to contact us.

Sincerely yours,



DONALD J. WINDER

DJW/pcs

cc: Ross C. Anderson, Mayor
Larry Spendlove, City Attorney
Melanie Reif, City Attorney

File 1083.011

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WINDER & HASLAM PC
BUSINESS AND TRIAL ATTORNEYS

December 22, 2004

Edna Drake, Administrator
Business & Licensing Division
Salt Lake City Corporation
451 South State Street, Rm 225
Salt Lake City, UT 84111

Re: RENEWED PETITION FOR TAXICAB MAXIMUM RATE INCREASES

Dear Ms. Drake:

As you know, our law firm represents Yellow Cab Drivers Association, Inc. ("Yellow Cab"), Ute Cab Company ("Ute") and City Cab Company ("City Cab"). These taxicab companies would like to promptly increase their rates to the following levels:

Flag drop:	from \$1.60 to \$1.75	(\$.15 increase)
Per mile rate:	from \$1.60 to \$1.70	(\$.10 increase)
Waiting time:	from \$21.00 to \$22.00	(\$1.00 increase)
Minimum fare from airport:	from \$10.00 to \$12.00	(\$2.00 increase)

However, to provide for the future and to avoid repeated requests for increases, request is hereby made to establish the following maximum rates taxicabs may not exceed:

Flag drop:	\$ 2.05
Per mile rate:	\$ 2.00
Waiting time:	\$25.00
Minimum fare from airport:	\$15.00

These proposed rate increases will impact Section 5.72.422 A and B of the Salt Lake City Ordinances.

As you know, the last time rates were increased was seven years ago. Since the last increase in 1997, the costs of doing business have increased substantially, making it necessary for the taxicab companies to petition for the current increases. Most notably, the cost of gasoline is now



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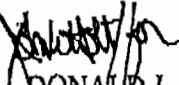
Edna Drake
December 22, 2004
Page 2

\$2.00 per gallon. Insurance costs, the cost of living, and other expenses have also increased dramatically.

We would appreciate having a hearing scheduled in this petition at Salt Lake City's earliest convenience. We previously submitted a \$100.00 check for the filing fee.

Thank you for your attention to this matter. If you have any questions or concerns, please feel free to contact us.

Sincerely yours,


DONALD J. WINDER

DJW/pcs
cc: Larry Spendlove

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Taxi Fares in Major U.S. Cities

The chart below compares taxicab fares in the central city of 23 major U.S. metro areas, selected based on metro area size and number of licensed taxicabs. The list includes:

- Central cities in metro areas with 2.5 million or more population
- Las Vegas, New Orleans and Orlando, which are in smaller metro areas but have 1,000 or more cabs
- Counties in suburban Washington DC. Washington DC uses zones to calculate fares and cannot be compared directly with metered fares.

The chart shows that:

- The fare for an average trip ranges from under \$11 in Cleveland to over \$18 in Honolulu.
- Cities with relatively high rates of fare tend to be in metro areas with high living costs (highlighted in blue and green).
- Cab fares in New York and Chicago are about average, however, despite these being high-cost locales. The high demand for cab service in Manhattan and in Chicago's Loop and Near North Side generates relatively high fare revenues for drivers in these cities.
- Twelve of the 23 cities increased fares in 2005, partly in response to rising gasoline prices, and also as a result of many cities holding off on fare increases during the recession earlier in this decade.

Area costs ...City	Fares for typical trips			Components of the fare				
	Avg. U.S. trip	Short trip	Long trip	Initial charge	Initial distance	Mileage charge	Mileage distance	Wait time per hour
** Honolulu	\$ 18.35	\$ 12.09	\$ 37.95	2.45	1/8	0.35	1/8	28.00
** San Diego	16.17	10.59	33.67	2.25	1/10	0.25	1/10	20.00
* Miami	16.10	10.73	32.90	2.50	1/6	0.40	1/6	24.00
** San Francisco	15.90	10.85	31.65	2.85	1/5	0.45	1/5	27.00
** Boston	15.45	10.08	32.25	1.75	1/8	0.30	1/8	24.00
** Los Angeles	15.00	10.07	30.40	2.20	1/11	0.20	1/11	24.00
* Seattle	14.80	10.29	28.80	2.50	1/10	0.20	1/10	30.00
Las Vegas	14.75	10.27	28.75	3.20	1/8	0.25	1/8	22.00
St. Louis	14.30	9.81	28.30	2.50	1/10	0.20	1/10	24.00

* Philadelphia	14.17	9.47	28.87	2.30	1/7	0.30	1/7	20.00
Atlanta	14.00	9.52	28.00	2.50	1/8	0.25	1/8	21.00
Orlando	13.38	8.89	27.38	2.00	1/4	0.25	1/8	22.50
Minneapolis	13.37	9.11	26.67	2.50	1/5	0.38	1/5	21.00
Denver	13.23	8.74	27.23	1.60	1/8	0.25	1/8	22.50
** New York	13.10	8.65	27.10	2.50	1/5	0.40	1/5	12.00
Phoenix	12.87	8.83	27.10	2.50	1/6	0.30	1/6	20.00
Houston	12.85	8.81	25.45	2.50	1/6	0.30	1/6	20.00
** Chicago	12.70	8.66	25.30	2.25	1/9	0.20	1/9	20.00
** DC suburbs	12.08	8.35	23.70					
Dallas	12.55	8.52	25.15	2.25	1/9	0.20	1/9	18.00
New Orleans	11.80	8.21	23.00	2.50	1/8	0.20	1/8	18.00
Detroit	11.65	8.07	22.85	2.50	1/8	0.20	1/8	16.00
Baltimore	11.60	7.99	22.80	1.80	1/8	0.20	1/8	24.00
Cleveland	10.78	7.21	21.98	1.80	1/6	0.40	1/4	15.00
Washington zones								

Notes:

"Area costs" reflect cost of living in the metro area. Two stars indicates costs at least 25% above U.S. average; one star indicates living costs are 15-24% above U.S. average. Source: ACCRA produces the Cost of Living Index (www.coli.org).

Fares shown exclude additional charges for extra passengers, luggage, time of day surcharges, airport fees, temporary gasoline surcharges, etc.

Trip lengths:

- Average U.S. trip = 5 miles and 5 minutes of wait time.
- Short trip = 2.8 miles and 4.77 minutes of wait time (New York City average trip)
- Long trip = 12 miles and 5 minutes of wait time

Fares for DC suburbs is the average rate for surrounding counties in Maryland and Virginia.

Rate shown for Denver is for Yellow Cab; rates vary by company.

Rate shown for Phoenix is for AAA Cab (city rate); rates vary by company.

Rates shown for San Diego and St. Louis are maximum rates.

Updated January 2006

A. LOUIS ZUNGUZE

DIRECTOR

BRENT B. WILDE

DEPUTY DIRECTOR

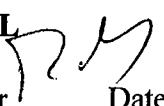
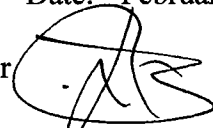
SALT LAKE CITY CORPORATION

DEPT. OF COMMUNITY DEVELOPMENT
OFFICE OF THE DIRECTOR

ROSS C. "ROCKY" ANDERSON

MAYOR

COUNCIL TRANSMITTAL

TO: Rocky Fluhart, Chief Administrative Officer  Date: February 24, 2006
FROM: Louis Zunguze, Community Development Director 
RE: Request to amend Salt Lake City Code Section 5.72.455: *Maximum Rates*

STAFF CONTACT: Edna Drake, Business License Administrator, at 535-6473
or edna.drake@slcgov.com

RECOMMENDATION: That the City Council hold a briefing and schedule a Public Hearing

DOCUMENT TYPE: Ordinance

BUDGET IMPACT: None

DISCUSSION:

Issue Origin: Donald J. Winder, on behalf of Yellow Cab Drivers Association, Ute Cab Company, and City Cab Company requested a hearing for a temporary increase in the flag drop rate of taxicabs for the next six (6) months to allow adjustments in line with present high gas prices.

Analysis: Per Section 5.72.457 of the Salt Lake City Code, a Public Hearing was held on November 23, 2005, before Michael W. Crippen, Hearing Officer, pertaining to the petition filed by Yellow Cab Drivers Association, Inc. (Yellow Cab), Ute Cab Company (Ute Cab), and City Cab Company (City Cab) for a temporary increase in the flag drop rate. Attached is a copy of the "Findings of Fact, Conclusions, and Recommendation" signed by the hearing officer, Michael W. Crippen.

The Hearing Officer recommends:

1. The current flag drop rate of \$2.00 should be increased to \$2.50 for a period of six months. After the six (6) month time period the flag drop rate will return to the original rate of \$2.00.
2. One hundred percent (100%) of the increase in the flag drop rate should go to the taxicab drivers and none of it should go to the Cab Companies.

3. The question of benchmarking future increases in the flag drop rate to respond to changes in gasoline prices should be appropriately left to the City Council or Budget Office as a policy matter, rather than the Hearing Officer.

Administration Recommendation: The Administration recommends that the City Council approve the increased taxicab flag drop rate based on the findings outlined in Hearing Officer Crippen's "Findings of Fact, Conclusions, and Recommendation."

PUBLIC PROCESS:

Pursuant to Section 5.72.457(D) of the Salt Lake City Code, the recommendations of the Hearing Officer are subject to acceptance, modification, or rejection by the City Council following a Public Hearing.

RELEVANT ORDINANCES:

Salt Lake City Code Salt Lake City Code Section 5.72.455: *Maximum Rates*

Table of Contents

- Attachment A: Michael W. Crippen
Findings of Fact, Conclusions and Recommendation**
- Attachment B: Section 5.72.455
Maximum Taxicab Rates**

**Attachment A: Michael W. Crippen
Findings of Fact, Conclusions and
Recommendation**

Donald J. Winder (#3519)
John W. Holt (#5720)
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Post Office Box 2668
Salt Lake City, UT 84110-2668
Telephone: (801) 322-2222
Facsimile: (801) 322-2282

Attorneys for Yellow Cab Drivers
Association, Inc., City Cab Company
and Ute Cab Company

BEFORE THE DESIGNEE OF THE
MAYOR OF SALT LAKE CITY, UTAH

IN RE: MATTER OF
TEMPORARY TAXICAB
FLAG DROP RATE INCREASE

**FINDINGS OF FACT,
CONCLUSIONS AND
RECOMMENDATION**

Hearing Officer: Michael W. Crippen

Pursuant to Sections 5.72.457 and 5.72.455(A) of the Salt Lake City Code, a public hearing was held on November 23, 2005, before Michael W. Crippen, Hearing Officer, to determine whether the November 2, 2005 Renewed Petition for Temporary Taxicab Rate Increase filed by Yellow Cab Drivers Association, Inc. ("Yellow Cab"), Ute Cab Company ("Ute Cab"), and City Cab Company ("City Cab") (referred to herein collectively as the "Cab Companies") for a temporary increase in the flag drop rate should be forwarded as a recommendation to the City Council. Representatives of the Cab Companies were present at the hearing, testimony was introduced, exhibits ("Ex.")

were offered and received, and arguments were made to the Hearing Officer in support of the petition. Donald J. Winder, Attorney at Law, appeared on behalf of the Cab Companies. Melanie Reif, Assistant City Attorney, and Jim Benton, Business Licensing Enforcement, appeared on behalf of Salt Lake City.

Counsel for the Cab Companies and the City each provided procedural and statutory background information pertinent to this petition and the City Council's recent legislative action authorizing the procedure for this proceeding. Counsel for the Cab Companies clarified during the hearing that although their original petition requested a temporary increase of \$1.00 in the flag drop rate, they are now proposing the following recommendation given the recent recess in gas prices:

That a fifty-cent (\$.50) increase in the flag drop rate for the next six (6) months be implemented to allow a catch-up for the high gas prices over the last six (6) months. Implementing this change will include no prospective increase because gas prices have retreated.

The Cab Companies also suggested the following recommendation to address future fluctuations in gas prices:

That a sliding scale be implemented that would allow the flag drop rate to change based on the fluctuation of more than \$.50 in gas prices. Under this system, the flag drop rate will be adjusted on a monthly basis to account for the

fluctuations of more than \$.50, either upward or downward, in gas prices from a base price of \$2.00/gallon. This process, as proposed, would be implemented without additional hearings and would be initiated by the Cab Companies providing notice to the Business Licensing Administrator in advance of the rate change. Gas prices would be determined by those published by the American Automobile Association ("AAA").

With respect to the Cab Companies' proposal for a sliding scale, the City noted that as a practical matter a recommendation could be drafted to include a sliding scale but Section 5.72.455(A) of the Salt Lake City Code provides an alternative to that approach which, theoretically, would allow the rates to be set at an amount that would allow the Cab Companies or taxicab drivers to lower the rates on their own. Thus, hypothetically speaking, if the flag drop rate were raised to \$3.00 as requested in the Cab Companies' renewed petition, and if gas prices went to \$2.50 per gallon, then the Cab Companies or taxicab drivers could lower the rate on their own pursuant to Section 5.72.455 which states that owners or taxicab drivers may establish rates that are lower but not higher than those established by ordinance. The City noted that it was not making a recommendation but was simply noting this as an alternative that seemed more in keeping with Section 5.72.457 as presently drafted.

The Cab Companies offered testimony on their own behalf and also presented the testimony of their expert, Ted Tatos ("Mr. Tatos"). Yellow Cab testified that it is operating approximately 120 cabs per day; Ute Cab testified that it is operating about 60-68 cabs per day; and City Cab testified that it is operating approximately 45 cabs per day. They also testified that their drivers buy their own gas and that they do not provide gas to the drivers. Mr. Tatos testified that he was proposing adoption of the sliding scale. Mr. Tatos explained that a sliding scale could be based on gas prices or could be based on a per mile charge. Mr. Tatos testified that basing the sliding scale on gas prices was easier and less expensive than basing it on a per mile charge which would involve frequent changes to the taxicab meters. Mr. Tatos presented fifteen (15) trip sheets to support his proposal to adopt a sliding scale, but he later acknowledged that those sheets were not a representative sample and were only relied on by him as a statistical model.

The Hearing Officer, having considered the evidence, arguments and the Cab Companies' proposal, being fully advised in the premises and for good cause appearing, hereby issues the following Findings of Fact, Conclusions and Recommendation:

FINDINGS OF FACT

1. The Cab Companies filed a petition for temporary taxicab rate increase on or about September 20, 2005. Ex. 3.
2. The petition was rejected on the basis that the Salt Lake City Code only permitted one review of rates in a calendar year and the rates had previously been reviewed and increased during the 2005 calendar year.

3. The Salt Lake City Council, in order to respond to special circumstances justifying additional reviews of rates during a particular calendar year, amended the Salt Lake City Code Section 5.27.457 to permit additional reviews based upon the approval of either the City Council or the Mayor. This amendment was passed on November 1, 2005 and published on November 5, 2005.

4. Following the action of the City Council, the Cab Companies filed a renewed petition for temporary taxicab rate increase on or about November 2, 2005. This petition seeks a temporary \$1.00 increase in the current flag drop rate from \$2.00 to \$3.00. Ex. 4.

5. Pursuant to newly enacted subsection (E) of Section 4.72.457 of the Salt Lake City Code, the Mayor directed that this hearing be scheduled.

6. A notice of hearing in connection with the Cab Companies' renewed petition was mailed to the Cab Companies and duly published. Exs. 1 and 2.

7. The City previously increased taxicab rates in late May 2005. These rate increases included an increase in the flag drop rate from \$1.60 to \$2.00 and a per mile change from 1/16 mile to 1/18 mile. This increase reflects a twenty-five cent (\$.25) increase above the requested and recommended flag drop rate as set forth in the Cab Companies' January 10, 2005 petition and this hearing examiner's February 15, 2005 recommendation.

8. At the time the Hearing Officer previously recommended an increase in taxicab rates, the cost of regular gasoline was approximately \$2.00 per gallon. Ex. 5.

9. Gasoline prices peaked at \$2.90 per gallon in the fall of 2005. *Id.*
10. The taxicab industry depends heavily upon gasoline. *Id.*
11. As of the date of the hearing in this matter, gasoline prices have retreated to about \$1.96 per gallon.
12. Cab drivers for each of the Cab Companies pay for their own gasoline costs. Cab drivers are not compensated or reimbursed by the Cab Companies for gasoline costs. This means that the taxicab drivers had to absorb 100% of the increase in gas prices.
13. The Hearing Officer takes judicial notice of the testimony given by taxicab drivers at a hearing conducted in the matter of Eagle Limo & Cab, LLC and additional applications, which testimony established the reduced income being received by taxicab drivers due to inflation and the increased costs of operating a taxicab.
14. Although gasoline prices have now retreated, it is fair, reasonable and necessary to compensate the taxicab drivers for the loss they suffered during the recent period of increased gasoline costs. As set forth in Ex. 5, gas prices peaked at \$2.90 per gallon in the fall of 2005, increasing by nearly \$.75 per gallon from mid-summer, requiring the cab drivers to absorb this expense without any relief. Therefore, a temporary increase in the flag drop rate to compensate them retroactively is justified.
15. The Cab Companies agree that 100% of any temporary increase in the flag drop rate will be passed on to the taxicab drivers to help compensate them for the recent increase in gasoline prices.

16. Other jurisdictions, including but not limited to Seattle, Washington, Fairfax County, Virginia, Arlington, Virginia, Annapolis, Maryland, and Philadelphia, Pennsylvania, have responded to the sudden and unexpected increases in gasoline prices by implementing gasoline surcharges ranging from \$.50 to \$1.00. Some of these surcharges are based upon a sliding scale tied to gasoline prices. Ex. 5.

17. It is fair and reasonable for the flag drop rate to be increased by \$.50 for a period of six months to cover the gas price increase from at least August 2005 to November 2005 and maybe going back as far as April 2005, to be made effective upon the approval by the City Council.

18. The question of benchmarking future increases in the flag drop rate to respond to changes in gasoline prices is more appropriately left for decision by the City Council or Budget Office as a policy matter, rather than the Hearing Officer.

19. Section 5.72.455 supports the City's hypothetical that the rates could be raised to the maximum \$3.00 flag drop rate requested in the Cab Companies' renewed petition, which could then be lowered by the owners or drivers when gas prices fluctuate. However, as a practical matter, this route should not be put into practice for the reason that a \$3.00 ceiling may become the floor after a change is implemented.

CONCLUSIONS

1. The Cab Companies' renewed petition for temporary rate increase was appropriately and timely filed.

2. The November 23, 2005, public hearing concerning the Cab Companies' petition was timely and properly noticed by Salt Lake City.

3. The flag drop rate, which is currently \$2.00, should be increased to \$2.50 for a period of six months, to compensate taxicab drivers for the recent period of increased gasoline prices.

4. One hundred percent (100%) of the increase in the flag drop rate should go to the taxicab drivers and none of it should go to the Cab Companies.

5. The foregoing temporary increase should become effective upon approval by the City Council.

RECOMMENDATION

Based upon the foregoing Findings of Fact and Conclusions, this Hearing Officer does hereby RECOMMEND the following:


1. The current flag drop rate of \$2.00 should be increased to \$2.50 for a period of six months.

2. One hundred percent (100%) of the increase in the flag drop rate should go to the taxicab drivers and none of it should go to the Cab Companies.

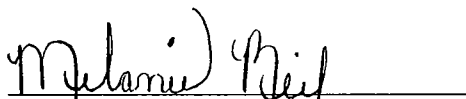
3. The question of benchmarking future increases in the flag drop rate to respond to changes in gasoline prices should be appropriately left for decision by the City Council or Budget Office as a policy matter, rather than the Hearing Officer.

4. Pursuant to Section 5.72.457(D) of the Salt Lake City Code, this recommendation is subject to the acceptance, modification, or rejection by the City Council.

Entered this 20th day of January, ²⁰⁰⁶~~2005~~.


MICHAEL W. CRIPPEN
Hearing Officer

Approved as to form:


MELANIE A. REIF
Assistant City Attorney
Salt Lake City Corporation

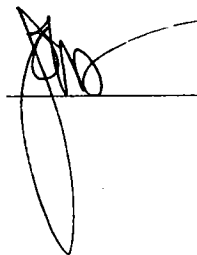
CERTIFICATE OF HAND-DELIVERY

I hereby certify that I caused a true and correct copy of the foregoing proposed FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER, to be sent via U.S. Mail, postage prepaid, on this 19th day of December, 2005, to the following:

Melanie A. Reif
Assistant City Attorney
Salt Lake City Corporation
451 South State Street, #505A
Salt Lake City, Utah 84111

Edna Drake
Business License Supervisor
Business & Licensing Division
Salt Lake City Corporation
451 South State Street, Rm 225
Salt Lake City, UT 84111

Sam Guevara
Mayor's Chief of Staff
Salt Lake City Corporation
451 South State Street, #306
Salt Lake City, Utah 84111



**Attachment B: Section 5.72.455
Maximum Taxicab Rates**

SALT LAKE CITY ORDINANCE
No. _____ of 2006
(Amending Maximum Taxicab Rates)

AN ORDINANCE AMENDING SECTION 5.72.455, *SALT LAKE CITY CODE*,
PERTAINING TO MAXIMUM TAXICAB RATES.

Be it ordained by the City Council of Salt Lake City, Utah:

SECTION 1. That Section 5.72.455, *Salt Lake City Code*, pertaining to maximum taxicab rates be, and the same hereby is, amended to read as follows:

5.72.455 Maximum Rates:

A. Except as otherwise provided herein, an owner or driver of a taxicab may establish and charge mileage rates lower than, but shall not establish and charge any mileage rate for the use of a taxicab greater than, two and a half dollars (\$2.50) for flag drop and ten cents (\$0.10) for each one-eighteenth (1/18) mile or fraction thereof for a period of six (6) months starting on [date to be determined at time of Council consideration] and ending on [date to be determined at time of Council consideration], and thereafter the flag drop rate shall be adjusted to two dollars (\$2.00) and the per mile rate shall remain the same. An owner or driver of a taxicab may establish and charge a rate for waiting time lower than, but shall not establish any rate for waiting time greater than twenty two dollars (\$22.00) per hour.

B. The foregoing notwithstanding, an owner or driver of a taxicab who is charged a fee by the City to deliver a passenger or to pick up a passenger at the Salt Lake City International Airport may, in addition to the rates allowed by subsection A of this Section, or its successor, charge an additional sum in the exact amount of such fee to be used to pay such fee. Further, an owner or driver of a taxicab may charge a minimum airport rate of twelve dollars (\$12.00) for service from the Salt Lake City International Airport.

SECTION 2. This ordinance shall take effect immediately upon the date of its first publication.

Passed by the City Council of Salt Lake City, Utah this _____ day of _____, 2006.

CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

Transmitted to Mayor on _____.

Mayor's Action: _____ Approved. _____ Vetoed.

MAYOR

CHIEF DEPUTY CITY RECORDER

(SEAL)

Bill No. _____ of 2006.
Published: _____.

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date February 8, 2006
By Melanie Bell

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Airport Director Selection Committee 2005-2006
Potential Members – Not Yet Contacted or Confirmed

Keith S. Christensen

Airport Board Member

Micro Industries
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Phone 466-3334 cell# 580-5588
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John H. Short, Ph.D.

Airport Board Member

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Contact: Robyn

E-mail: rocky.fluhart@slcgov.com**Deputy Mayor****Ted Wilson**

Address

Phone

Former Mayor

E-mail:

Connie Leonardakis**Community****Curtis Brunson****Community**