
MEMORANDUM

DATE: August 6, 2009
TO: City Council Members
FROM: Russell Weeks
RE: Update on Proposed Ordinance Amending Chapter 5.72, Salt Lake City Code, Pertaining to Taxicabs, to Provide for Transition from Regulatory to Contract Based System for Providing Taxicab Services
CC: Cindy Gust-Jenson, David Everitt, Ed Rutan, Frank Gray, Maureen Riley, Karen Hale, Mary De La Mare-Schaeffer, Robert Farrington, Orion Goff, Randy Berg, Jennifer Bruno, Laura Kirwan, Dave Korzep, Brent Kovac, Larry Bowers, Ray Mundy

This memorandum is an update on the progress toward City Council consideration of to a proposed ordinance amending Chapter 5.72, Salt Lake City Code to provide for a transition from regulating Salt Lake City taxicab companies through certificates of public convenience and necessity to a to contract-based system for providing taxicab services.

The City Council held a fact-finding session on July 14 as part of the Council's work session. Speakers at the fact-finding portion included City Council and Administration staff; representatives and owners of the three taxicab companies that hold certificates of public convenience and necessity granted by the City; representatives of people with disabilities in Salt Lake City; a representative of the hotel industry; and City Council consultant, Ray Mundy, Ph.D.

Given time constraints and other invited speakers' schedules, more people tentatively are scheduled to speak at the second part of the fact-finding session during the City Council work session on August 11. The speakers again will include City Council and Administration staff: a representative of the ground transportation industry not regulated by Salt Lake City Code pertaining to taxicabs; Scott Beck of the Salt Lake Convention & Visitors Bureau; and Maureen Riley, director of the Department of Airports.

DISCUSSION/BACKGROUND

MOST RECENT DEVELOPMENTS

A legal consultant for the City Council is working on revisions to City Code Chapter 5.71 titled *Ground Transportation*. The proposed revisions are intended to clarify differences among various kinds of ground transportation businesses so each kind of business can operate fully within its market niche but not overstep the boundaries of another kind of business. The proposed revisions are in response to recommendations made by some City Council Members, the Transportation Advisory Board and the Downtown Alliance Parking and Transportation Committee.

The City Ground Transportation Office conducted a survey of taxicab drivers between July 27 and July 30. Although a letter was mailed to each taxicab operator, much of the survey was conducted at Salt

Lake City International Airport where taxicabs stage before picking up passengers. Council staff has attached a summary of the survey prepared by the Ground Transportation Office, the data from which the summary was made and a letter the Ground Transportation Office attached to the summary.

Here are some items from the survey that caught City Council staff's attention:

- In summary No. 3, the average number of hours worked per day was about 11 hours. That might indicate that the average number of hours worked has fallen from the July 31, 2005 publication of *Ground Transportation Study Salt Lake City, Utah*. The study said, "Many (drivers) admitted to working 14 to 16 hour days to pay their lease or stand fees and take home \$70 or more. Many argued that they earned less than the minimum wage when all their hours of waiting time were taken into consideration."ⁱ On the other hand, an average is reached by dividing a total of a quantity of numbers that are lower and higher than the average.
- In summary No. 4, about 120 drivers indicated that they average 7.28 paying customers (trips) per day. At the July 14 meeting, Dr. Mundy indicated that a driver cannot "make a living" on eight rides per day and suggested 15 rides per day per driver indicated a healthy return on a driver's investment.ⁱⁱ
- In summary No. 5, about 80 taxicab drivers indicated that they worked in Salt Lake City on days when they could not work at the airport due to the airport's requirement of cabs working there every other day. It should be noted that the *Ground Transportation Study* recommended moving to an every other day rotation to get more taxicab service in Salt Lake City.ⁱⁱⁱ

PREVIOUS INFORMATION

The following information has appeared in previous memoranda or reports.

The City Council appears to have two options pertaining to amending Chapter 5.72:

- Adopt the proposed ordinance.
- Do not adopt the proposed ordinance and maintain the current regulatory system. (This option would require repealing ordinances adopted earlier.)

PROPOSED ORDINANCE

To review, the centerpiece of the proposed ordinance is a revised section of *City Code* Section 5.72.130.

The title of the section is amended to read: *Phasing Out of Certificates of Public Convenience and Necessity*.

Paragraph A contains the following sentence: "The city hereby adopts a contract based system for provision of taxicab services. Only taxi providers selected pursuant to a competitive Request for Proposals ("RFP") process and who have entered into a contract with the city may operate taxi services for hire upon Salt Lake City streets, as defined in Section 5.72.130(C)."

The sentence replaces a paragraph that reads: *“No person shall operate or permit a taxicab owned or controlled by such person to be operated as a vehicle for hire upon the streets of Salt Lake City without first having obtained a certificate of public convenience and necessity from the city ...”*

The proposed ordinance also changes the language of Section 5.72.130 referenced in Motion No. 2 that would require “existing certificates of public convenience and necessity” to expire 180 days from the effective date of the proposed ordinance, if the City Council adopts it. The proposed ordinance also would allow the City to extend the expiration date of the certificates an additional 180 days. The amended language allows the current taxicab companies to continue to operate if the City is delayed beyond the time the proposed ordinance contemplates implementing a contract-based system. If that happens, the proposed ordinance allows the City to implement a contract-based system while the current system remains in operation.

Other key points of the proposed ordinance include:

- A revised formula for determining mileage rates in taxicab meters. The Administration would review mileage rates every six months. The City Council requested that the Administration review a proposed formula when the Council adopted a motion to increase taxicab mileage rates in August 2008. If the City Council adopts the proposed ordinance, the formula – not future City Council action – would determine mileage rate increases or decreases. The proposed ordinance also calls for the annual review of flag-drop rates.
- Requiring taxicab drivers to have equipment to process credit and debit cards as payment for fares.

ⁱ Ground Transportation Study, Salt Lake City, Utah, Page 17.

ⁱⁱ Ray Mundy, City Council Meeting, July 14, 8:35 p.m., audiotape.

ⁱⁱⁱ Ibid., Page 61

SUMMARY

SALT LAKE CITY TAXICAB DRIVER SURVEY

JULY 24 thru JULY 27, 2009

1: Number of Drivers:

- a: We mailed out 370 letters from City Council.
- b: 63 were returned as undeliverable (Note: From our records at Ground Transportation, during on first full year of our operation, we showed a 46% turnover in drivers. During the recent fiscal year, we showed a reduction equating to a 26% turnover. This reduction is due in large part to the successful criminal history screenings. This turnover is consistent with the number of undeliverable and returned letters).
- c: Based on the numbers above, we believe there could be approximately 307 drivers.
- d: 147 drivers completed the survey for a 47.88% return.
- e: 114 drivers were surveyed prior to Yellow Cab management calling a meeting at 2:00pm on Tuesday afternoon, July 25, 2009. According to the attached copy of a letter from Yellow Cab management, and from reports from the drivers, the drivers were directed as to how to respond to the survey by the company.

2: Leases:

- a: For drivers who own their vehicle, the average per month "lease" fees the driver pays the company is \$1,067.41. 57.8% of the drivers who responded indicate they own their vehicles.
- b: For drivers who do NOT own their vehicle, the average per month "lease" fees the driver pays the company is \$1,696.26. 42.2% of the drivers who responded indicate they do NOT own their vehicles.

3: Hours Worked:

The average number of hours worked per day is 11.06 hours.

4: Number of Trips:

119 drivers reported an average of 7.28 paying customers (trips) per day.

5: Airport ONLY Cabs:

83 drivers or 56.5% of the drivers who responded indicated they were an Airport ONLY cab. Of those 83 drivers, 79 or 95% reported working in the City in their non-Airport day.

6: Improvements to Service by Taxis and Companies (Question 7):

Of the 120 comments received:

- a: 23.3% suggested too many cabs in Salt Lake City.
- b: 10.0% suggested inadequate taxi dispatch.
- c: 9.2% indicated too many varied types of competitors at the Airport.
- d: 8.3% wanted to see improvements in the taxi staging area at the Airport.
- e: 7.5% did not think any changes were required.
- f: The other issues as reported were spread out over 15 items.

7: Working Relationship with the City (Question 8):

Of the 114 comments received:

- a: 48 drivers or 42.1% felt relations were good.
- b: 31 drivers or 27.2% felt there was room for improvement.
- c: 35 drivers or 30.1% indicated relations were bad.
- d: The largest percentage of drivers indicated issues with the poor working conditions at the Airport staging area – namely lack of shade and no running water.

8: Is the Current System of Taxi Company Operating Privileges Fair? (Question 9):

Of the 85 comments received:

- a: 34 drivers or 40% indicated the system was fair.
- b: 51 drivers or 60% said the system was NOT fair.
- c: Comments were generally spread out over a range of topics as found in your results.

9: Other Comments:

111 separate thoughts were conveyed in the section.

- a: 51 comments or 45.95% addressed the issue of the Airport staging area's lack of running water, shade and restrooms in the Airport staging area.
- b: 6 comments or 5.4% suggested there are too many other types of competitors.
- c: 6 comments or 5.4% suggested the bellman won't let them on the hotel property unless they are "tipped" by the drivers.
- d: 5 comments or 4.5% requested the City checked the fees charged by Yellow Cab.
- e: 5 comments or 4.5% indicated there are too many cabs.
- f: The other comments as reported were spread out over 22 items.

TAXI SURVEY LETTERS	MAILED	RETURNED	# DRIVERS	COMPLETED	%
MAILED 07/17/09	370	63	307	147	47.88

1. Do you own your vehicle?	OWN	LEASE	After Meeting
	85	62	33

2. If you own your vehicle, on average, what is your lease amount? (Weekly)	\$220 - \$229	\$230 - \$239	\$240 - \$249	\$250 - \$259	\$260 - \$269	\$270 - \$279	\$280 - \$289	\$290 - \$299	\$300 - \$309	\$310 - \$319	\$320 - \$329
	11	5	11	6	16	6	8	9	10		3
(Month)	\$880 - \$916	\$920 - \$956	\$960 - \$996	\$1000 - \$1036	\$1040 - \$1076	\$1080 - \$1116	\$1120 - \$1156	\$1160 - \$1196	\$1200 - \$1236	\$1240 - \$1276	\$1280 - \$1316

3. If you lease a vehicle, on average, what is your total lease amount? (Weekly)	\$260 - \$265	\$280 - \$289	\$310 - \$319	\$350 - \$359	\$400 - \$410	\$420 - \$429	\$430 - \$439	\$440 - \$449	\$450 - \$460	\$470 - \$479	\$480 - \$489	\$490 - \$499	\$520 - \$529
	1	3	4	3	2	16	3	6	14	2	1	6	1
(Month)	\$1040 - \$1060	\$1120 - \$1156	\$1240 - \$1276	\$1400 - \$1436	\$1600 - \$1636	\$1680 - \$1716	\$1720 - \$1756	\$1760 - \$1796	\$1800 - \$1836	\$1880 - \$1916	\$1920 - \$1956	\$1960 - \$1996	\$2080 - \$2116

4. On average, how many hours do you work? (Day)	6 - 9 hrs	10 - 14 hrs	15 - 20 hrs	21 - 24 hrs
	44	92	11	

5. On average, how many trips with paying customers do you make each day that you work? (Trips)	5 - 7	8 - 12	N/A
	81	38	28

6. If you "lease" as an Airport ONLY cab, do you drive on your non-airport day?	YES	NO
	83	64

If, you do drive, where do you drive?	Salt Lake City	Outside of SLC
	79	4

7. Please list anything you would change or improve in the taxi services provided by you or your company.	Comments
	q7

8. How do you feel about your working relationship with City Officials?	Good	Needs Improvement	Bad	No opinion	Comments
	48	31	35	33	q8

9. Do you have any comments about the current manner in which the City awards taxi company operating privileges and the City ordinances? Is this current system fair to the driver? Why?	Fair	Unfair	N/A	Comments
	34	51	62	q9

10. Do you have any other comments?	Comments
	q10

Answers to Question 7

There are to many cabs for the amount of work in Salt Lake City area	28
Cab dispatching is inadequate, needs to be updated and computerized. Drivers should get equal trips	12
Reduce the amount of shuttle, limousine and courtesy vehicle going to the airport	11
The city needs to make improvement to the staging area at the airport, i.e. restrooms, shade and running water	10
Everything is fine - don't change anything	9
Cab companies fee's are to high, we don't have any benefits from the company & don't get receipts for payments	8
Airport official and Cab company owners need to treat drivers with more respect	8
Cab's need new technology installed in cabs, i.e. credit card machine, GPS, computer dispatching etc	5
Improve customer service and advertise	5
Staging areas at downtown hotels	4
Too many gypsy cabs	4
Bellman at the hotels want us to pay them to call us for trips	3
City official need to work with cab drivers	3
Need newer cars - such as two or three year old standard	2
More cabs should be allowed to stage at the airport	2
There needs to be regulations about uniforms and training of drivers	2
When the drivers own their vehicle,, they should slao own their own medallion number	1
Night pick up's drivers should have phone numbers to call instead of going to the door, for safety of driver	1
There needs to be better DOT enforcement in the airport and city	1
City fee's are too high	1

Question 8 Comments

The drivers on this questions complained most about the staging area at the airport, no restroom, running water or shade area. They also feel like they are always getting harassed by the airport officials.
Need better facilities in staging area at the airport
City official don't listen to cab drivers
Airport officials need to treat cab drivers better
City needs to enforce all the laws for on demand service
Bring in another company
City needs to make sure the bellmen are obeying the law
City fee's for inspection and badges are to high
City and airport officials need to treat drivers with respect
More enforcement in the downtown area
The city should pay attention to how drivers dress
Drivers should be treated the same as limo and shuttle drivers

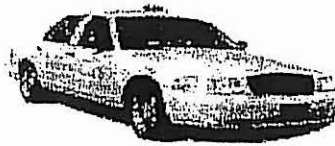
Question 9 Comments

Nobody listens to what the cab drivers have to say
No change to current system is needed
The current system is not fair to drivers who want to own they taxicab operating privileges
It's a time for a change to the current system
More owner operators, drivers don't need to be attached to a current cab company
City needs to supervise the companies better

Answers to Question 10

Need running water, restrooms and shade at the staging area at the airport	51
There are too many limousine, shuttle and gypsy cabs in the system. They are taking our trips from the hotel to the airport.	6
Watch bellman at the hotels, they won't give us trips unless we pay them.	6
The City should check into the fee's Yellow cab charges every month to see if they are legal.	5
We are harassed at the airport by the airport officials	5
Too many cabs for the amount of business in Salt Lake City	4
Give drivers the same privileges as the companies have.	4
City should have a staging place in Salt Lake City	3
The whole system needs to be changes	2
Shuttles are doing on demand, we need this enforced	2
Need a training & screening system, so the drivers are more knowledgeable or can pass a test.	2
I have so many comments but who cares? No one listens.	2
City should enforce the uniform ordinance or wave it.	2
Do not change the system	2
Why is there restriction on the number of cabs at the airport, but no restriction on Limousine and Shuttle companies.	2
Yellow cab should loose their license they don't treat their drivers fair.	2
City must make sure that multiple ownership is reduced to a minimum	1
What ever happens we don't want to loose our jobs	1
The city license fee's are to much	1
We need a lot of changes for cab companies and drivers.	1
City needs to have more supervision of the cab companies.	1
Cab vehicle are too old, need a restriction of age of vehicles	1
Better feeder line at airport	1
Cab company's are greedy	1
We are not real owner operators, our jobs are not secure. We are afraid anytime of being fired. We do not have right to give suggestion to the company.	1
If the new system eliminates job, the city council should not adopt it. If the new system will hire all the drivers who want to drive it should be adopted.	1
We need a cab drivers union.	1

Yellow Cab



YELLOW CAB DRIVERS ASSOCIATION, INC.

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July 22, 2009

Dear Taxi Cab Driver:

You recently received a letter from the Salt Lake City Council asking for your comments on a proposal currently before the City that would radically change the way the taxi cab industry is regulated. The proposal will cause harm to both the cab companies and the drivers. If you did not receive the letter, a copy is enclosed herewith. You will also receive, if you haven't already, the enclosed survey prepared by Salt Lake City. We ask all cab drivers to attend a meeting to discuss the City's proposal and survey on Tuesday, July 28, 2009, at 2:00 p.m. at the Garden Inn on 6th South.

The City states the goal of making the change is to "have competent, courteous taxi drivers who can increase their incomes by providing good service to residents, businesses and travelers." The City apparently thinks that taxi drivers currently are not competent and courteous and do not provide good service. However, Salt Lake taxi drivers have consistently scored very well on customer surveys. We need to tell the City it is trying to solve a problem that doesn't exist.

The City's proposal has a chilling effect on the desire of any cab company or driver to invest in its business and occupation. What if a cab company is not a successful bidder? How could that company reorganize its business? Even if a company is chosen, it is only guaranteed to be in business for a few years until it must rebid. Is this the kind of policy our government should follow? What businesses are to be subject to an RFP next? Any regulated business? Any essential business? Who decides? An RFP process, we submit, is simply horrible policy.

The City states if the change is made, those cab companies that are selected to provide service for Salt Lake City will likely hire drivers from the current pool of taxi cab drivers. However, there is no guarantee they will do so. In fact, the City failed to mention in its letter to you that the expert upon whom the City relied for advice in this matter has recommended the total number of taxi licenses be reduced to 200. If the number of cabs is reduced to 200, dozens upon dozens of independent contractors and lease drivers will lose their livelihoods and investments. Who will buy their radios, meters, and existing GPS systems in their cabs? Who will buy their cabs? If a new operator is a successful bidder, will your radios, meters, existing GPS systems and cabs be compatible with the new operator? What if the new operator wants to own all of its cabs, leasing them out to its drivers?

(Continued on back page)

After the meeting, we will encourage you to submit your comments to the City Council opposing this change by calling (801) 535-7654 or emailing council.comments@slcgov.com. We will also encourage you to fill out the City's survey and return it to the Council. In question number 4, the City asks to know how many hours you work, which we hope is not more than 10-12/day. In question number 5, the City asks how many trips with paying customers you make each day. We understand about 50% to be the average. In question 9, the City asks whether you feel the current system is fair. We certainly feel it is fair, especially in comparison to what is likely to happen under the proposed changes.

We need to let the City Council know you already provide competent, courteous and good service to the Salt Lake market. We need to let the Council know how hard you work and that you are concerned about losing your job and your cab. Also, we need to let the Council know that their experiment with this radical change to the industry will affect your life and your ability to provide for your family.

Sincerely,



Sam Barafati

Manager Yellow Cab Company

July 16, 2009

Dear Salt Lake City Taxicab Driver:

In the next couple of months the Salt Lake City Council will consider a proposed ordinance that would change the way the taxicab industry is operated in Salt Lake City. This letter is meant to explain how the proposed ordinance might affect you if the City Council adopts it.

If adopted, the proposed ordinance would do two things. First, it would end the city's practice of granting certificates of public convenience and necessity to provide on-demand metered taxicab service within Salt Lake City's boundaries. Second, it would authorize city officials to invite proposals from companies interested in providing on-demand metered taxicab service within the city's boundaries. The invitation would outline Salt Lake City's expectations of services a taxicab company would provide to city residents, workers, businesses, tourists and travelers who come to the Salt Lake City International Airport or the Utah Transit Authority's City Center Hub.

The goal is to have competent, courteous taxi drivers who can increase their incomes by providing good service to residents, businesses and travelers.

Here is what the proposed change could mean to you:

- o The Salt Lake City Council is considering two options: The Council could adopt the proposed ordinance. The Council could decide to stay with the current method of granting certificates of public convenience and necessity.
- o If the City Council adopts the proposed ordinance, the three taxicab companies that currently hold certificates of public convenience and necessity will be invited to submit proposals. There is a chance all three companies would be selected to receive a contract to operate taxicabs in Salt Lake City. There is a chance that none of them would be selected. It is certain that between two and four taxicab companies would receive contracts to operate taxicabs in Salt Lake City.

It seems likely that the current pool of taxicab drivers would be considered by the companies receiving the contracts. City ordinances already require that drivers know Salt Lake City streets and the layout of the city so they can take customers to destinations by the shortest route. That also will be a requirement in the invitation for proposals. The city assumes that taxicab drivers working now have that knowledge.

If you wish to comment on the proposed ordinance, please call the City Council comment line at 801-535-7654 or e-mail the City Council at council.comments@slcgov.com.

Sincerely,

Salt Lake City Council
Transportation and Mobility Subcommittee



Salt Lake City Corporation

TAXICAB DRIVER QUESTIONNAIRE

Salt Lake City Corporation is preparing a new Taxicab Service agreement for city wide service. Salt Lake City Corporation is requesting your opinion in order to better understand the nature and disposition of taxi services in Salt Lake City and to obtain feedback from those who work our streets. Please take a moment and complete this response.

1: Do you own your vehicle? Yes or No If no, do you lease/rent a vehicle? Yes or No (circle answer)

2: If you own your vehicle, on average, what is your lease amount? \$ _____ /day or \$ _____ / week

3: If you lease a vehicle, on average, what is your total lease amount? \$ _____ /day or \$ _____ / wk

4: On average, how many hours do you work? _____/day or _____/week

5: On average, how many trips with paying customers do you make each day that you work? _____

6: If you "lease" as an Airport ONLY cab, do you drive on your non-airport day?
Yes or No (circle the answer) If you do drive, where do you drive?

7: Please list anything you would change or improve in the taxi services provided by you and your company.

8: How do feel about your working relationship with City officials?

9: Do you have any comments about the current manner in which the City awards taxi company operating privileges and the City ordinances? Is this current system fair to the driver? Why?

10: Do you have any other comments?

THANK YOU – THIS INFORMATION WILL REMAIN CONFIDENTIAL