M E M O R A N D U M

DATE:	April 22, 2010
TO:	City Council Members
FROM:	Russell Weeks
RE:	Update: Ground Transportation Working Group
CC:	Cindy Gust-Jenson, David Everitt, Maureen Riley, Ed Rutan, Frank Gray, Gordon Hoskins, Jennifer Bruno, Randy Berg, Gina Chamness, Jay Bingham, Joseph Moratalla, Dave Korzep, John Buckner, Larry Bowers, Quin Card

This memorandum pertains to the scheduled update of the City Council Ground Transportation Working Group at the City Council work session April 27. The Working Group has met three times since its inception earlier this year. The Working Group's goal is to bring an ordinance before the full City Council that would prepare the way for the City to issue a request for proposals to companies to operate taxicab service in Salt Lake City.

The Department of Airports at the Working Group's meeting April 16 presented a draft term sheet of what a request for proposals might contain. Department representatives are scheduled to take part in the Working Group's update at the April 27 work session. The Department of Airports has been exploring ground transportation issues involving taxicab service with its own consultant.

There are two items involved in the Working Group's update:

- What might be the terms of a request for proposals to operate taxicab services in Salt Lake City?
- What ordinances must be amended for the City to move forward to issue a request for proposals?

POTENTIAL TERMS

Potential terms of a request for proposal include: A contract term of three years with three oneyear options to service providers; a cap of 200 vehicles instead of the 268 vehicles currently authorized under ordinance to holders of certificates of public convenience and necessity; awarding two contracts based on the Department of Airports evaluation of responses to a request for proposals prepared by and issued by the department; establishing a rotation plan specifying when authorized taxicabs can serve the Salt Lake City International Airport to provide opportunities for taxicabs that cannot serve the airport on certain days to serve the rest of Salt Lake City; requiring taxicab vehicles be five years old or newer; requiring that 5 percent of taxicab fleets be accessible vehicles that meet the standards of the Americans with Disabilities Act and that a percentage of fleets consist of alternative clean fuel vehicles.ⁱ

For purposes of comparison, the following is a list of goals adopted by the City Council in Resolution No. 66 of 2005 on December 8 of that year.

BE IT RESOLVED by the City Council of Salt Lake City, Utah:

That the Council does hereby give notice of its intent:

- 1. To change the taxicab system within Salt Lake City from a certificate of convenience and necessity system to another system to be set forth in detail in an ordinance to be enacted hereafter which system shall include the seeking of bids for contracts with the City to provide taxicab service;
- 2. That the aforementioned contracts be issued to two to four companies. Each of the companies would be required to operate a minimum of 50 taxicabs. In response to a City request for proposals each company would indicate the maximum number of taxicabs it would operate;
- 3. That the total number of taxicab permits issued by the City under all of such contracts be approximately 200;
- 4. That whatever additional steps may be necessary be taken, in addition to legislation already enacted, to insure that no more taxicabs operate at the airport than are appropriate to meet the needs of the traveling public and to insure that cab companies develop new markets and become more available in other parts of Salt Lake City;
- 5. That a "shared-ride exclusive walkup van concession at the airport" be developed, similar to that available at other U.S. airports; and
- 6. That City fees be revised to reflect the actual cost of City services with regard to taxicab companies, vehicles and drivers licensure and enforcement.
- 7. That all taxicabs in operation in the City be no older than five years from the date of manufacture.ⁱⁱ

ORDINANCES

There are three major sections of the Salt Lake City Code and a number of other sections that would have to be amended to get to the point of issuing a request for proposals. The three major sections are City Code Chapter 5.71, which regulates ground transportation businesses; City Code Chapter 5.72, which regulates taxicabs; and City Code Chapter 16.60, which regulates ground transportation at the Salt Lake City International Airport.

The City Council held a public hearing on March 24, 2009, to take public comment on a proposed ordinance that would have amended Chapter 5.72 to allow for the issuing of a request for proposals to provide taxicab service. The City Council adopted a motion to close the public hearing and refer the proposed ordinance to a future meeting. Council staff was instructed to discuss the proposal further with the Transportation Advisory Board and conduct further research into potential amendments to Chapter 5.71 to provide a "level playing field" among all ground transportation companies.

On January 25, 2010, the City Council issued a news release seeking comment from the ground transportation industry on proposed amendments to Chapter 5.71. The Council also contacted ground transportation companies by mail seeking comment. The deadline for submitting comment was March 15, 2010. City Council staff provided the Council with a rough summary of comments receive by the deadline on March 22.

After the Ground Transportation Working Group meeting on April 16, the group indicated two things pertaining to amending existing ordinances: The Working Group directed staff to review the proposed amendments to Chapter 5.71 and to further refine comment received on proposed amendments to Chapter 5.71 into one-line issue items for potential consideration as amendments to Chapter 5.71. The Working Group also indicated that staff should explore whether all amendments to chapters 5.71, 5.72, 16.60, and any other ordinance germane to the issue could be assembled into an omnibus ordinance for consideration after a public hearing.

The Working Group noted that the current ordinance requires that City Code section 5.72.130 requires that "Prior to adopting regulatory changes, the city will provide notice" to the three existing

taxicab companies operating under certificates of public convenience and necessity that the certificates "will terminate one-hundred-eighty days from the date when such notice is issued."

The Working Group indicated that its goal was to have successful candidates to the request for proposals operating by January 1, 2011. Given that goal, the City Council would have to schedule a public hearing on a completed ordinance in late May or early June and consider any proposed ordinance no later than early July.

ⁱ Please see Attachment No. 1.

ⁱⁱ Please see Attachment No. 2.

DRAFT TERM SHEET

ON-DEMAND TAXICAB SERVICES AT SALT LAKE CITY INTERNATIONAL AIRPORT

The Salt Lake City Department of Airports proposes to enter into semi-exclusive concession agreements with two taxicab companies. Only these taxicab companies (concessionaires) would be allowed to provide on-demand taxicab service at the Airport. In return for this semi-exclusive business opportunity, these two taxicab concessionaires would be required to pay certain fees and provide services in accord with standards established by the Department of Airports, including providing high quality taxicab service throughout the City as well as at the Airport. No other company will be allowed to provide on-demand taxicab service within the City.

The following "term sheet" presents key aspects of the terms of the proposed concession contract between the selected taxicab concessionaires and the Department of Airports.

Term	 Three years with three, one-year options. The length of term is be confirmed after further evaluation of the capital investment each taxicab concessionaire will be expected to make in new vehicles, a computerized dispatching system and other equipment, and improved marketing of their services.
Responsibilities of the City	 Establishing standards and procedures for the licensing of taxicab companies and the permitting of vehicles and drivers
	 Provide the legal definition of a taxicab vehicle and driver
	 Establish taxicab meter rates and adjust these rates from time to time
	 Issue taxicab drivers permits and conduct background checks on new applicants. This may be conducted by Department of Airports staff on behalf of the City.

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Responsibilities of the City (concluded)	• Reimburse the Department of Airports for the costs it incurs in permitting and inspecting all taxicab vehicles, issuing licenses to all taxicab drivers, and associated administrative and enforcement expenses. The method for determining the amount to be reimbursed to the Department of Airports is to be determined.
Responsibilities of the Department of Airports	 Place a "cap" on the number of permitted taxicab vehicles. Tentatively, it is proposed that the Department of Airports would permit up to 200 taxicab vehicles, and that only these vehicles would be allowed to serve the Airport and the City. The number of permitted vehicles is to be reviewed on an annual basis to assure that there are an adequate number of taxicab vehicles available to serve customers at the Airport, and throughout the City, and to achieve other goals of the City including consideration for the economic welfare of taxi drivers.
	 Allocate the number of authorized taxicab permits between the two taxicab concessionaires based on the proposed minimum annual guarantee amounts submitted with their proposals (described below), or other method to be established by the Department of Airports. On an annual basis, re-allocate the number of authorized taxicab permits between the two concessionaires to reflect the quality of taxicab service provided by each concessionaire as evidenced by mystery shopper surveys, customer complements and complaints, and other metrics to be established by the Department of Airports.
	 Establish a limit on the number of taxicabs allowed to wait for on-demand customers in the Airport Hold Lot (or elsewhere on Airport-owned property).
	 Using a competitive solicitation process, award two concession contracts based upon the Department of Airports' evaluation of the responses to a Request for Proposal (RFP), which is to be prepared and issued by the Department of Airports.

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Responsibilities of the Department of Airports (concluded)	 Establish a rotation plan specifying when authorized taxicabs can serve the Airport. The specifics of the rotation plan are yet to be decided but the plan will specify which days each taxicab concessionaire or vehicle can serve the Airport. It is expected that the vehicles will serve other parts of the City on their "non-Airport" days.
	• Establish the amount of the activity-based fee to be paid each month by the taxicab concessionaires. Tentatively, it is suggested that this fee would be calculated as a fee per deplaned airline passenger, with each concessionaire paying fees that reflect the percentage of the total number of authorized taxicab permits they are awarded.
	 Present in the RFP the amount of the fee per deplaned passenger and the volume of deplaned airline passenger at the Airport for the past five years.
	 Monitor vehicles, drivers, and starters to assure taxicab service is provided in compliance with the standards set forth in Airport rules and regulations which may be modified from time to time.
Responsibilities of the Taxicab Concessionaires	 Pay fees as required by their concession contract, which may include a minimum annual guarantee amount, or activity-based fees, or whichever is greater.
	 Assure that high quality taxicab service is provided at the Airport and elsewhere in the City in accordance with their proposal (which will be incorporated into their contract)
	 Provide 24-hour computerized dispatching
	 On a regular basis, provide for the Department of Airports' to review and inspect documentation based on the computerized dispatching system, indicating the number of non-Airport dispatches made by the concessionaire.

Responsibilities of the Taxicab Concessionaires (concluded)	 Assure that at least five (5) percent of their vehicles are capable of transporting disabled passengers (i.e., ADA-equipped) and available for service in the City and at the Airport, and that drivers operating these vehicles have been properly trained in accommodating and transporting disabled passengers
	 Assure that at least ten (10) percent of their vehicles are alternative clean fuel vehicles
	 Equally share in the costs of providing "starters" at the Airport curbside using either (1) a consortium formed with the two taxicab concessionaires, or (2) a third-party contractor acceptable to the Airport
	 Assure that all company employees, contractors, and representatives, including the drivers and curbside taxicab starters, comply with the standards, regulations and procedures established by the Department of Airports
	 Provide for random drug and alcohol testing/screening of their drivers
	 Provide for mystery shopping service, to be directed by the Department of Airports
Vehicle Standards	• Taxicabs operated by the concessionaire shall not be more than five years old, with the age of a vehicle defined by its model year, regardless of when the vehicle was actually manufactured.
	 All vehicles must be equipped with computerized dispatching equipment with GPS capability, and capable of securely processing payment by major credit cards
	 Additional standards concerning vehicle appearance and maintenance to be developed

Driver Standards	Driver's appearance
	Customer service and communication skills
	 Knowledge of major local destinations or landmarks
	 Addition standards concerning driver appearance and behavior to be developed
Information to be Provided by Prospective Taxicab Companies in their Response to the RFP	 A proposed minimum annual guarantee amount. The taxicab concession is to awarded to the companies based on the Department of Airports' evaluation of their proposal and their proposed minimum annual guarantee
	All proposers must submit:
	 A plan to assure that high-quality service is provided throughout the City and at the Airport on a 24/7 basis
	 A plan to assure that consideration is made for the economic welfare of taxi drivers
	 A plan for vehicle acquisition that assures compliance with new standards
	 A plan for marketing and sales of taxicab service to non-Airport customers
	 A plan for training drivers on a regular basis in customer service, communications with customers, knowledge of major local destinations and landmarks, Airport rules and regulations, and other skills
	 A plan for providing transportation of disabled passengers and their baggage

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Potential changes in City taxicab ordinance	 Allow for a late night surcharge Direct the Department of Airports to conduct safety inspections of taxicab vehicles. The City would be responsible for conducting safety inspections of all other commercial ground transportation vehicles, if it wishes to continue to do so.
Other topics	 Use of existing inspection facilities (TBD) Schedule for implementation (TBD)
	 Method for calculating and determining the fees to be paid by the City to the Department of Airports for administering, enforcing, permitting and licensing of taxicab service.
	 Provision and enforcement of taxicab stands (size to be determined) to be located near popular hotels, the Convention Center, and other venues attracting potential taxicab customers within the City. These stands are intended to enhance the ability of drivers to serve customers in the City on the days they are not allowed to serve the Airport.
	 Each successful concessionaire will be required to disclose, on a quarterly basis, the number and location of non-Airport taxicab dispatches their drivers served during the prior three months. This information is to be used by the Department of Airports in the planning and evaluation of City- wide taxicab service (TBD)

Office to handle the volume of ground transportation drivers who were to receive background checks and ground transportation operator's licenses. In 2008, the office received funding to occupy a space and inspect ground transportation vehicles.

- Since then, Council staff has been asked to consider the best place for the Ground Transportation Administrator's Office to be located within the Administration. There also has been some discussion about the Department of Airports having an interest in managing ground transportation businesses again.
- The Working Group may wish to make a recommendation to the full Council and the Administration about which department of the City should oversee the Ground Transportation Administrator's Office.
 - Concurrent with that issue, the Department of Airports continues to move forward on releasing a request for proposals to operate a shared ride shuttle service at the International Airport.
 - As part of the request for proposals for taxicab service, should the City charge the successful bidders a fee for operating taxicab services in Salt Lake City?

Resolution 66 of 2005/regarding taxicab service.

RESOLUTION NO. 66 OF 2005

(Regarding Taxicab Service in Salt Lake City)

WHEREAS, Salt Lake City regulates ground transportation that serves the public, including taxicabs that currently operate under certificates of public convenience and necessity granted by the City: and

WHEREAS, the City Council wants to promote quality service to the public, promote a clean modern image of the City to tourists and travelers, create a competitive but fair environment where the public can choose among quality ground transportation providers, and that strengthens the economic viability of taxicab drivers in particular to facilitate quality service; and

WHEREAS, the City Council has attempted to address these goals by enacting several ordinances during the last two years, including Ordinance Nos. 69, 70, and 92 of 2004 and Nos. 4, 39 and 45 of 2005.

WHEREAS, the City Council finds that the current method of regulating taxicabs in particular is contentious, archaic, and difficult to enforce with piecemeal amendments to those regulations; and

WHEREAS, in order to obtain an independent analysis of the issues pertaining to ground transportation in the City, including the taxicab industry, the City Council, in December 2004, commissioned a study by Dr. Ray Mundy, the director of the Center for Transportation Studies at the University of Missouri – St. Louis and the principal partner of the Tennessee Transportation & Logistics Foundation; and

WHEREAS, following a detailed investigation of the ground transportation industry in the City, including numerous interviews with a wide variety of persons involved in or affected by that industry, including taxi firm owners, taxi drivers, airport officials, city officials, and hotel managers, Dr. Mundy, on March 8, 2005, gave a presentation to this Council describing in detail his preliminary findings regarding Salt Lake City's current ground transportation industry. On April 19, 2005 he presented recommendations addressing numerous ground transportation issues he had identified. Dr. Mundy subsequently met on two occasions with the Ground Transportation/ Taxi Subcommittee appointed by this Council. During an August 3 meeting with the Subcommittee, Dr. Mundy presented his final report and recommendations ("Ground Transportation Study – Salt Lake City" dated July 31, 2005, hereafter "Report"). That Report was then provided by the Subcommittee to the entire Council; and

WHEREAS, the City Council invited and received public written comments during the period of April 19, 2005 to June 7, 2005. The Council further conducted formal public hearings on June 7, 2005 and on August 9, 2005 to obtain public and industry comment regarding the aforementioned findings and recommendations of Dr. Mundy and proposed legislative solutions by the Council; and

WHEREAS, the findings of Dr. Mundy's Report include, among other things, the following:

• A primary objective of the City Council's original request of Dr. Mundy was to determine if there were alternative methods by which the City could regulate taxicabs and

shuttle vans more effectively than under the current system and at the same time improve the level of service currently being achieved. (Report, Page 2)

- Existing taxi firm owners felt the City had not done its job to protect traditional taxicab markets from unlicensed taxi, shuttle and van operators. (Report, Page 2.)
- There is an excess of ground transportation supply in the community. (Report, Page 5)
- Salt Lake City taxi firms are competing to lease city taxi permits to as many owner/operator drivers as possible, regardless of a driver's ability to earn a reasonable income. (Report, Page 12)
- Taxi firm owners agreed that the present structure of taxis in the Salt Lake City market condemns owners and drivers to anemic incomes. (Report, Page 15)
- Drivers are unable to achieve sufficient revenue to make driving a cab an attractive job, and current taxi lease fees are unable to generate profit margins to sustain long-term business or to attract capital for needed improvements. Report, (Page 15)
- Taxi company owners said they preferred a more flexible permit system that allowed them to add or subtract vehicles as demand warranted. (Report, Page 15)
- Every driver interviewed said there were too many taxis and drivers in the taxi system for anyone to make a decent living. Many drivers work 14- to 16-hour- days to pay their taxi lease and take home \$70 or more. (Report, Page 17)
- The respective average ages of taxicabs for City, Ute and Yellow Cab are 14 years, 11 years and 10 years. (Report, Page 27.) The ages make the Salt Lake City's cab fleets some of the oldest that Dr. Mundy said he ever had seen.
- City code enforcement personnel expressed frustration at the difficulty of enforcing City taxi ordinances due to lack of personnel and funding problems. They stated that they would prefer more competition in the provision of taxi services in order to improve the quality of taxi services offered to visitors and residents alike. (Report, Page 22)
- Hotel managers in the downtown area expressed considerable frustration with constant guest complaints of taxicabs that never showed up, were old and dirty and often driven by rude drivers. (Report, Page 23)
- There is no commercial walk-up, on-demand shuttle service at the Salt Lake City International Airport. (Report, Page 25)
- Shuttle owners felt that the existing taxi shuttle regulation of the City severely restricted their ability to offer innovative services and pricing to the traveling public. (Report, Page 26)

- Salt Lake City International Airport is the single major taxi demand generator in the area. (Report, Page 48) However, drivers at the airport complained about having to wait two or three hours for a fare. (Report, Page 17)
- Airport customers could be served most of the time by allowing a maximum of 20 taxis to be available for fares in the Airport taxi holding lot- if taxis arriving at the airport were encouraged to go into the holding lot after dropping off passengers. (Report, Page 32); and

WHEREAS, Dr. Mundy's study recommended various changes to the City's taxicab service within the City, including the following long-term recommendations:

- Change the way in which the City regulates the taxicab industry from its current method of issuing certificates of public convenience and necessity to a method of seeking bids for contracts with the City to provide taxicab service. Dr. Mundy's study recommended that the contracts be issued to two to four companies. Each of the companies would be required to operate a minimum of 50 taxicabs. In response to a City request for proposals each company would indicate the maximum number of taxicabs it would operate. According to the study, requiring a minimum of 50 taxis would provide enough business "to support investment in GPS (global positioning system) dispatching and other technologies for improving the delivery of service to the traveling public." (Report, Page 62, No. 1)
- Reduce the total number of taxicab permits issued by the City by 25 percent to about 200 permits. Currently, there are 268 total permits.
- Reduce the number of taxicabs waiting to pick up passengers at the Salt Lake City International Airport. The study contends that there are too many taxicabs waiting too long to pick up passengers at the airport. It contends that airport customers could be served most of the time by allowing a maximum of 20 taxis to be available for fares in the Airport taxi holding lot- if taxis arriving at the airport were encouraged to go into the holding lot after dropping off passengers. Long-term the number of taxis could be restricted by Automatic Vehicle Identification electronic tracking that, according to Dr. Mundy, is being installed at the airport. (Report, Pages 62 and 63) The study contends that restricting the number of taxicabs at the airport would force cab companies to develop new markets, including being available in other parts of Salt Lake City.
- Develop a "shared-ride exclusive walkup van concession at the airport." (Report, Page 63) The study notes that "with very few exceptions" most U.S. airports have more than one walk up alternative for arriving airline passengers. The study notes that the Salt Lake City Airport has no alternative. Passengers seeking on-demand service must take a taxicab.

• Revise City fees to reflect the actual cost of City services. The study indicates that business license and driver permit fees "are not adequate for the services being performed." (Report, Page 63).

NOW, THEREFORE, in order to meet the City Council's goals of:

- Promoting quality services to the public (i.e. timely, cost effective, clean, courteous, and always available),
- o Promoting a clean, modern image of the City to travelers,
- o Creating a fair environment for traditional taxicab providers and potential new entrants,
- o Strengthening the economic vitality of taxicab drivers to facilitate quality service,
- o Making taxicab requirements clear, and applying uniform requirements to providers,
- o Providing meaningful ways to examine and address service complaints,
- o Providing for ease of taxicab administration,
- Minimizing city costs and liabilities,
- Clearly defining types of ground transportation providers to aid administration and consumer choice,
- Requiring financial accountability to verify that cost effective taxicab services are offered to the public,
- Imposing fees that make regulation self sustaining,
- o Optimizing the benefits of competition in the system to the extent feasible,
- o Facilitating the upgrading and maintaining of taxicab service levels,
- Easing the impacts of transition to a new system,
- o Providing adequate Airport coverage to accommodate passenger needs,
- o Emphasizing safety, and
- Updating the regulatory structure to better address changed business practices in the industry;

BE IT RESOLVED by the City Council of Salt Lake City, Utah:

That the Council does hereby give notice of its intent:

1. To change the taxicab system within Salt Lake City from a certificate of convenience and necessity system to another system to be set forth in detail in an ordinance to be enacted hereafter which system shall include the seeking of bids for contracts with the City to provide taxicab service;

2. That the aforementioned contracts be issued to two to four companies. Each of the companies would be required to operate a minimum of 50 taxicabs. In response to a City request for proposals each company would indicate the maximum number of taxicabs it would operate;

3. That the total number of taxicab permits issued by the City under all of such contracts be approximately 200;

4. That whatever additional steps may be necessary be taken, in addition to legislation already enacted, to insure that no more taxicabs operate at the airport than are appropriate to meet the needs of the traveling public and to insure that cab companies develop new markets and become more available in other parts of Salt Lake City;

5. That a "shared-ride exclusive walkup van concession at the airport" be developed, similar to that available at other U.S. airports; and

6. That City fees be revised to reflect the actual cost of City services with regard to taxicab companies, vehicles and drivers licensure and enforcement.

7. That all taxicabs in operation in the City be no older than five years from the

date of manufacture.

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Passed by the City Council of Salt Lake City, Utah, this 8th day of December, 2005.