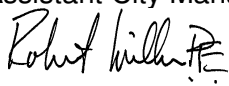




MEMORANDUM

TO: Mayor and Council Members

CC: Marc A. Ott, City Manager
Robert Goode, P.E., Assistant City Manager
Howard Lazarus, P.E., Acting Assistant City Manager

FROM: Robert Spillar, P.E., Director
Austin Transportation Department 

DATE: September 10, 2010

SUBJECT: Report on Taxicab Issues

As directed by the City Council, City Staff has worked with members of the Urban Transportation Commission to study concerns related to the taxicab industry in Austin. A number of recommendations are proposed by the working group.

Background

The Texas Transportation Code Section 502.003 authorizes municipalities to regulate vehicles for hire. The City of Austin regulations are contained within Article XI of the City Charter and Chapter 13-2 of the City Code. The City regulations have been amended several times over the years but the last significant rewrite of the sections of the City Code occurred in 1998.

The Austin Transportation Department is responsible for vehicles for hire in the City. Currently 100 companies are authorized to operate up to 1,165 vehicles providing taxicab, limousine, airport shuttle, touring and other services to the citizens and guests of Austin. Over 2,400 drivers are authorized to operate the vehicles that have been licensed to provide the service. The Austin Transportation Department has 2.5 FTE's to administer the regulations, investigate complaints, and ensure that the fleets meet City and State requirements. One additional FTE has been requested in the FY 2011 budget to provide the ability to expand routine enforcement to evenings and weekends. In addition, there are a number of employees that work for the Aviation Department providing oversight of vehicles for hire at ABIA only.

In February 2010, after approving an increase to the taxicab fare, the City Council approved Resolution No. 20100225 – 060 directing the City Manager to work with the Urban Transportation Commission (UTC) to collect stakeholder input and make recommendations on the following issues:

- Flat rate fare zones:
 - From Austin-Bergstrom International Airport (ABIA) to the downtown area
 - From ABIA to the UT area
 - Within the downtown area
 - Establish the boundaries of the above areas
- Clean-up fee for passenger incidents
- Additional downtown taxi stands

- Other taxi drop-off/pick-up locations
- Other issues that arise from the stakeholder discussions

In May, after approving the taxicab franchise renewals for two of the taxicab companies, the City Council approved Resolution No. 20100527 – 055 directing the City Manager to work with the UTC to collect stakeholder input and make recommendations on the following issues:

- Taxicab franchise performance indicators to include customer service data, fleet make-up, fee growth rate, etc.;
- Capping fees charged by franchise holders to drivers;
- Revised method for authorizing franchise agreements giving consideration to various procurement options, methods to achieve City goals, and integration of key performance measures.

Task Force Developed

A Task Force was organized to listen to stakeholder comments. The Task Force team consisted of UTC members, Austin Transportation Department staff members, and the Corporate Public Information Office. The team adopted the following goals to guide their recommendations:

- Ensure taxi service provides the greatest safety, convenience, and value, while respecting the needs of the drivers, riders, and franchise holders.
- Ensure the ordinance creates the right incentives for effective operations and appropriate City oversight.
- Assess ordinance, rules, and procedures to identify high value short term pilots and long term adjustments.

The team held seven (7) open meetings from April through July. Attendees at the meetings included taxi drivers, taxi franchise holders, pedicab service providers, and representatives from ACVB, ADAPT, TDAA, TRLA, and CAN. In August, individual group meeting were held with drivers, franchises holders, and customers to discuss preliminary recommendations.

Additional topics presented by stakeholders during the open meetings included:

- Minimum fare for taxi trips departing ABIA,
- Alternating day access for cabs to ABIA,
- Incentive for hybrid taxis,
- Taxicab permit allocation method between franchises,
- Pedicab regulation,
- Mobile/portable permits,
- Appeal process for terminated taxi drivers,
- Health/injury insurance coverage for drivers,
- Credit/Debit payments processed through a 3rd party.

III. Recommendations - The Urban Transportation Commission and Staff have developed recommendations based on the input received in the stakeholder meetings, and research on policies and procedures from other cities. The recommendations fall into three implementation categories; no action, immediate action, and long term study and action.

A. No action recommended

1. Flat rate zone fares from ABIA to downtown, UT area or within CBD is not recommended. Consensus among drivers and franchise holders was to continue to use metered fares instead of flat rate zones. There was widespread concern that

implementation would lead to greater uncertainty, instead of greater certainty as desired by Council. Consequently, there is no need to establish zone boundaries for these areas.

2. Even/odd day access for taxicabs at Austin Bergstrom International Airport (ABIA) is not recommended by ABIA vehicles for hire staff. This is a practice at some larger airports around the country to reduce the wait time for drivers. The concept is to reduce the number of vehicles in queue at the airport leading to less wait for drivers and more trips per day for those drivers allowed to work that day. There are drivers who primarily work from the airport and they would be significantly impacted if a change is put in place. Current wait times do not warrant the change based on data collected by ABIA. This practice could be an option in the future.

3. Establishing a process for the City to arbitrate disputed driver terminations is not recommended. This issue was raised by drivers concerned about processes involved in contract terminations. This could be an opportunity to utilize mediation or arbitration processes external to the contract participants. This is an issue that should be addressed in the contract between the franchise holder and the driver. How this issue is addressed can be a part of the future franchise profile.

4. Requiring franchise holders to provide health/injury insurance coverage is not recommended. This issue was raised by drivers concerned about available benefits. If the City required that insurance was available to all drivers, it would likely result in an increase in terminal fees. Some drivers may have access to other insurance and not want their terminal fees raised. This is an issue that could be addressed in the contract between the franchise holder and the driver. How this issue is addressed can be a part of the future franchise profile.

5. Amending the City Code to require drivers to accept credit/debit cards for fare payment and process payments through the franchise holder's processor is not recommended. This issue was raised by the franchise holders concerned about the use of external credit card processing companies. There have been instances around the country of 3rd party processors double and triple billing, and then going out of business and the franchise holders being asked to make good. This is an issue that should be addressed in the contract between the franchise holder and the driver.

B. Immediate action recommended

1. Implement minimum fare for taxi trips departing ABIA – During the discussions related to ABIA flat fares, the drivers asked if a minimum fare could be instituted for trips originating from the airport. Drivers relayed stories of waiting for an extended period and then getting a passenger destined for the other parking lot at ABIA or just outside the airport. In the past, the dispatchers at the airport had allowed drivers that got a short trip to return to the head of the line. Over time that has become a basis for conflict, and the practice has been discontinued. There was discussion within the stakeholder meetings about what minimum length should be used. Staff mapped the possible destinations from the airport and found that four miles would reach all of the close-in hotels and car parking lots.

a. Staff recommends a minimum fare equal to a four-mile trip plus airport surcharge (\$11.65). By designating a distance, the minimum fare can rise with rate increases without further council action.

b. Drivers request a minimum fare equal to a six-mile trip plus airport surcharge (\$15.85). This request is not supported by staff.

2. Implement taxicab clean-up fee – The Council resolution asked the working group to develop a standard practice to compensate drivers when they must take their vehicle out of service for cleaning. A segment of the drivers would like the City Code to allow them to extract from passengers up to \$250 per incident. There is no available data on the number and severity of incidents that occur which require cleaning. City interest would be compensating the drivers for their inconvenience, but not set up any processes that could potentially lead to conflict or negative impressions of the City.

- a. Option 1: Add \$0.10 to drop fee per trip. Drivers keep additional revenue for clean-up required. If the 2,400,000 trips per year are equally spread among the 669 licensed vehicles, they would each get 3,587 trips per year. At \$0.10 per drop, the average would be \$359 per year to keep the vehicle clean and compensate the driver for time lost to incidents. Staff believes this option would best meet the interests of the City.
- b. Option 2: Add \$0.25 to drop fee per trip. Drivers remit collected fees to franchise, and franchise to City. Based on current activity levels, this would produce a fund of about \$600,000 per year. Drivers would file a claim with City for reimbursement of up to \$250. The fee would be used to fund claims and an additional City staff person to administer the program. This would require additional action by the drivers and franchise holders, but would then target the benefit to those who are directly impacted. Requires additional City staffing to monitor.
- c. Option 3: Drivers request authority to charge the customer responsible up to \$250 at the time of the incident. The drivers would like to set the fee and collect it. This may require APD to be involved if there is a dispute. The drivers do not want APD to ticket the person, because that money then goes to the City and not to the inconvenienced driver. There are a number of potential problems with this method that could lead to confrontation and negative consequences. Staff does not recommend this option.

3. Add additional taxi stands in warehouse and entertainment districts – It was requested that the City add taxi stands for the entertainment districts downtown. Staff received input from stakeholders and has identified some additional taxi stands that could be setup to serve the needs in the evening and early morning hours. With 6th Street frequently closed, large stands are proposed on 5th and 7th streets, with appropriate way finding. To serve the Warehouse district, a stand could be set up on 4th Street between Lavaca and Guadalupe streets, in front of the Hobby building. Staff has also discussed with Capital Metro about using their stop on Brazos Street between 5th and 6th Streets after bus operations are ended. Staff is currently preparing the regulations to implement. The hope is that cab stands with significant capacity and good visibility will allow the taxis to reduce the circulation around downtown in quest of fares.

4. Draft City Code changes to include pedi-cab operating rules and prepare for emerging technologies. – Pedi-cabs currently are controlled by operating authority agreements between the City and Pedi-cab companies. Although most of the elements of the agreements are similar, each is different. The agreements are not generally available. When pedi-cabs were allowed in the City, changes were made to the City Code and they were regulated within the section of the code which had been drafted for horse drawn carriages. It would seem time to draft a new section of the code for pedi-cabs that incorporates the lessons learned from the last few years of operation. Most of the operating agreements stipulate that the drivers will work for tips only. Review of practices across the country showed some cities use a flat fare of \$2 per block plus tip. This can

be an issue looked at as the ordinance changes are drafted. Code drafting should be done in consultation with the drivers and company owners. Staff recommends a two step process:

a. Draft a new section of ordinance 13-2 to address pedi-cab regulation and operations

b. Draft a new section which will address emerging options including Low Speed Vehicles and rental vehicles using the public right-of-way, like Cars-to-go and E-cars

5. Develop and Evaluate Potential Changes to Franchise and Permit Approval Processes

- Contract with an expert on the taxi industry to study the Austin taxicab service requirements and recommend best methods for improving taxicab service in Austin.

6. Hailing Icons and new pick-up/drop off procedures - Staff is working with PDR Urban Design on development of a contract to design a downtown way finding system. Once the new taxi stands are in place and the directional signage installed, staff will evaluate the need for additional stands and/or drop-off/pick-up zones.

7. Align Franchise Renewal for Yellow, Austin and Lone Star Cab Companies – The City Council has recently renewed Yellow and Austin Cab Companies for 5 years. The Lone Star Cab Company renewal is anticipated in 2014. Staff recommends to give Lone Star and two year extension so that all renewals are in sync. This would be helpful if changes to the renewal process are developed.

C. Items recommended for additional study and future action – There were a number of issues that could shift the way permit allocations are made in the future. These are issues that need further study and possibly future action. Since these issues could impact the franchise renewal in five years, staff believes a couple of years could be spent collecting data and still give the franchise holder's adequate notice of changes to the system. The issues that require further study include:

1. Revise methodology for authorizing franchise agreements
2. Incentives for hybrids
3. Taxicab permits allocation method between franchises
4. Mobile or portable permits
5. Taxicab performance indicators
6. Growth in fees charged by franchise holders
7. Various agreement types that enable franchises and the City to achieve customer service, community value, and driver working condition goals.
8. Integration of key performance indicators as a standard for continued franchise authorization.

Moving Forward – Staff proposes to develop a profile of the ideal taxicab franchise that would include multiple metrics that measure the company performance, the driver's satisfaction, and measures of the service provided. Potential measures include:

1. Experienced driver turnover – transfers to other company
2. Average fleet fuel mileage
3. Change in fees charged drivers
4. Average age of vehicles
5. Number of failed inspections
6. Franchise generated trips per cab per hour

7. Total number of trips per cab per hour
8. Driver appeal process available
9. Availability of health/injury insurance for drivers
10. Response time to dispatched trips
11. Number of validated customer complaints per permit
12. % of fleet that is wheelchair accessible
13. Accident rate per permit
14. % of employee drivers
15. % of independent contractor drivers
16. Number of City Code violations, driver and franchise

These measures need to be discussed with the stakeholders, and their cost and effectiveness in measuring should be considered in developing a final list. Each franchise would be responsible for providing the data covering the measures, and the comparison would be between a year's profile and the same firm's previous profile. The goal would be to moving toward the ideal. A finding that Franchise holders are not moving toward the goals may be the basis for withdrawal of permits in future allocations.

Recommendation is for Staff and the UTC to move forward with the stakeholders and develop a profile for "best franchise holder practices".

Should your staff have additional questions related to the agenda, please contact Assistant Director Gordon Derr, 974-7228 or call me at 974-2488 if I could be of further assistance.

cc: Gordon Derr, Assistant Director