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04-27-06

## MEMO

**TO: Mayor Will Wynn, Mayor Pro-Tem Danny Thomas, Austin City Council Members**

**FROM: Andrew Clements, Chair, City of Austin Transportation Commission (UTC)**

**COPIED: City Manager Toby Futrell, Public Works Director Sondra Creighton, Morris Poe**

**REGARDING: The UTC's motion (at our March 20<sup>th</sup>, 2006 Commission Meeting) to support the City Manager's recommendation to deny the Taxicab Franchise Transfer from Roy's Taxi, Inc. to Yellow Cab**

**Mayor Wynn, Mayor Pro-Tem Thomas, City Council Members:**

It has been requested of me to explain the motion (actually, motions) passed unanimously by the UTC at our March 20<sup>th</sup>, 2006 Commission meeting that support the City Manager's and City Staff's (including Morris Poe, Public Service Manager with Public Works) recommendation to deny the application for transfer of the franchise held by Roy's Taxi to Yellow Cab.

Our March 20<sup>th</sup> Commission meeting minutes reflect Mr. Poe stating "that City Staff and City Manager are concerned that approval of this request could result in a decrease of competition among the companies, increased cost for drivers, fewer opportunities for drivers to transfer to other companies, and fewer choices for taxicab service customers. The City Staff and City Manager recommend a denial of the request unless the applicant is willing to negotiate the allocation of permits to create an opportunity for a new franchise."

**The UTC agrees with the City Staff and City Manager's reasoning in recommending to City Council that this request be denied. Our main concern is that Yellow Cab's acquiring 77% of the taxicab permits (their current 51% plus Roy Taxi's 26%) amounts to a near "de facto" monopoly. The information we received at our March 20<sup>th</sup> meeting (from testimony from Morris Poe; over 30 taxicab drivers from all 3 taxicab franchise holding companies; and Robert Velasquez, of Roy's Taxi, Bertha Means, of Austin Cab Company, and Jim Conley of Yellow Cab) on this request causes us – the UTC – to want to (in conjunction, perhaps, with the Land Use & Transportation Subcommittee of City Council, and City Staff) "undertake a comprehensive review and evaluation of the City's taxi cab permit system" (language from one of our motions).**

The UTC recognizes that this recommended denial is, at the very least, an inconvenience to the owners of Roy's Taxi, Inc.; and we sympathize with their desire to get out of the taxicab business. We are also of the opinion, however, that the franchise they were granted was a franchise to serve the citizens of Austin; and we are also of the opinion that perhaps taxicab permits should be considered as "belonging" to the citizens of Austin (a lot like the public airwaves "belong" to the public, and rights to broadcast over those public airwaves are granted by the people) and not belonging, actually and in theory, to the franchises authorized by the City to have those permits.

The UTC has "ideas" that we would like to explore in a review and evaluation of the way the City's taxi cab permit system is currently (and has been, historically) operating, including:

1. The establishment of more taxicab franchises to serve the citizens of Austin, particularly favoring a driver-owned company or two.
2. Exploring the idea of permits being issued directly to drivers who own or lease their taxicab vehicle, and the permits both belonging to the driver and "going with" the driver when changing companies.
3. Exploring the whole "franchise" granting system, and what "value" the taxicab companies actually add to the service provided the citizens of Austin (including reviewing the way other cities handle this "public good").

(The motions we specifically passed at our March 20<sup>th</sup>, 2006 Commission meeting, by the way, were:

**Motion:** To follow the City Staff's recommendation to City Council to not recommend the transfer of the Roy's Taxi Cab franchise and permits to Yellow Cab at this time, at least until such time as the City undertakes a comprehensive review and evaluation of the City's taxi cab permit system.

and

**Motion:** Directs staff to explore someone establishing a third cab company with particular emphasis given to working with and establishing driver owned cab companies.)

The UTC looks forward to working with the City Council and City Staff on reviewing and evaluating the City of Austin's taxicab permitting and franchise granting system, if it is directed by City Council to do so. We hope you will follow our (and the City Manager's and City Staff's) recommendation to deny the transfer of Roy's Taxi Cab franchise and permits to Yellow Cab (unless the applicant is willing to negotiate the allocation of permits to create the opportunity for a new franchise, preferably "driver-owned"); but we also hope Roy's will not be unduly penalized while a solution that is in the best interest of the citizen's of Austin is reached.

Let me know if I or the Urban Transportation Commission can answer any questions or furnish any more information, or be of any other service.

Respectfully yours,

*Andrew Clements (via e-mail)*

Andrew Clements, Chair  
COA Urban Transportation Commission

cc: Leanne Vaughn, COA UTC Staff  
UTC Commissioners