

AGENDA



Thursday, June 8, 2006

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Public Works
RECOMMENDATION FOR COUNCIL
ACTION

ITEM 2

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Subject: Approve an ordinance on third reading repealing Ordinance Number 20050407-017 granting a franchise to Roy's Taxi, Inc. and amending Ordinance Number 20050609-019 granting a franchise to Greater Austin Transportation Company, d/b/a Yellow Cab.

Amount and Source of Funding: The taxicab permit fee of \$400 per year per permit is a revenue source. Expected annual revenue is \$62,000.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

Additional Backup Material

(click to open)

- ☐ [Revised Below the Line Language](#)
- ☐ [Ordinance](#)

For More Information:**Prior Council Action:**

Boards and Commission Action: The Urban Transportation Commission recommends denial of the request.

An application has been filed requesting the transfer of the taxicab franchise and special permits issued to Roy's Taxi to Greater Austin Transportation Company, d/b/a Yellow Cab Company (Yellow Cab). If approved, the franchise granted to Roy's Taxi would be repealed and the franchise granted to Yellow Cab would be amended to increase its fleet size and number of taxicab permits to 459.

In 2005 Roy's Taxi was granted a franchise which authorized it to operate no more than 155 taxicabs of which 144 are regular franchise permits and 11 are special permits for wheelchair accessible vehicles. Roy's Taxi is a local, family owned company that has provided taxicab service in Austin for about 75 years.

Also in 2005, Yellow Cab was granted a franchise which authorized it to operate no more than 304 taxicabs of which 293 are regular franchise permits and 11 are special permits for wheelchair accessible vehicles. Yellow Cab is a company that operates taxicabs in other Texas cities and has provided service in Austin since 1984.

Currently three companies have franchises which authorize them to provide taxicab service in Austin: Austin Cab, Roy's Taxi, and Yellow Cab. If the transfer request is approved only two companies will remain, Austin Cab and Yellow Cab. At the present time, Yellow Cab has 51% of the taxicab fleet, Roy's Taxi has 26% of the taxicab fleet and Austin Cab has 23% of the taxicab fleet authorized to provide taxicab service in the City of Austin. If the transfer request is approved Yellow Cab will be authorized to operate a total

of 459 taxicabs which is 77% of the total of the taxicab fleet authorized by the City of Austin.

In 2003, the City Council expressed an interest in creating the opportunity for more franchises to provide taxicab service in Austin. The City Code was amended modifying the formula for determining the number of taxicab permits needed to provide service in Austin and the method for the allocation of any new permits determined to be necessary. The amendment included provisions for reserving 25% of any new available permits for the possibility of granting a new franchise to a qualified applicant. The number of taxicab permits that had been issued in years prior to implementing the new formula exceeded the number of permits necessary to provide service in Austin. Additional new permits were not determined to be necessary in 2003, 2004, or 2005, so no permits were allocated to the reserve for new franchises or to existing franchises during those years. This year, 2006, eleven new permits are available. Three of these permits will be allocated to the reserve for the opportunity to grant a new franchise. Eight permits will be available for allocation to the existing franchises.

The Public Works Department hosted a meeting on March 1, 2006 to hear comments from the public regarding the application. Approximately 80 drivers and others interested in the issue attended the meeting. Speakers expressed concern that a decrease in the number of companies from three to two would result in less competition and that decrease in competition would result in higher lease and other fees charged by the remaining companies to the drivers. Others were concerned that the number of opportunities for dispatched trips would be reduced because more drivers would be relying on dispatched trips to pay the higher fees charged by Yellow Cab. Yellow Cab currently charges drivers \$270 per week and Roy's Taxi currently charges drivers \$220 per week. Others mentioned that drivers might lose their jobs because they would not be able to transfer to Yellow Cab or have an opportunity to transfer to Austin Cab.

Based on the concerns of the City staff and City Manager regarding the effect of the proposed taxicab service on existing taxicab service, the City Manager recommends denial of the request. The concerns of the City staff and City Manager are based upon the decrease in competition, the possibility of increased costs for taxicab drivers, fewer opportunities for drivers to transfer to other companies, and fewer choices for taxicab service customers. The Urban Transportation Commission considered the application on March 20, 2006. After hearing comments from Public Works Department staff, drivers, and others the Commission voted unanimously to recommend the following:

- To follow the City staff's recommendation to the 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 taxicab permit system.
- Direct staff to explore someone establishing a third cab company with particular emphasis given to working with and establishing driver owned companies.