



July 14, 2011

Austin City Council
301 W. Second Street
Austin, Texas 78701

RE: Ray Mundy, Taxicab Consultant Reports and Comments

Dear Mayor Leffingwell, Mayor Pro Tem Cole, and City Council Members:

Recently the City of Austin hired a consultant, Ray Mundy, to evaluate the city's taxicab industry following the staff recommendations under Resolution 20100225-60. We applaud the city's well-intentioned efforts in working toward providing high quality transportation services for the city, as well as working conditions affecting a healthy quality of life for taxi drivers. Studying cab-related issues in Austin should expose policy flaws in the system, allowing the city to assess proper remedies. However, the City should recognize that the recommendations proposed by Mr. Mundy will likely be influenced by his strong personal opinion regarding certain policies and the nature of his past and potential future consulting contracts.

Mr. Mundy has a long resume and extensive experience analyzing taxi systems. However, Mr. Mundy has never been hired by taxi drivers, only larger cab companies and public entities. His reports have raised the ire of drivers in San Antonio, Denver, and other cities throughout the country. While the drivers remain hopeful that he will give the current system a fair review, we feel that it is important to raise concerns about potential conflicts of interest and lack of concern for driver income and working conditions.

Additionally, while Mr. Mundy is being paid to evaluate the Austin taxicab industry and issue his advice on policy recommendations, his prior relationship with Yellow Cab companies may compromise the independence of judgment with which he performs his responsibilities. In 2010, Yellow Cab of Austin commissioned him to conduct a study on the taxi services provided by Yellow Cab. The report was delivered to city council members last September by Mr. Ed Kargbo. Mr. Mundy clearly states his preference for a full service franchise with a city-wide dispatch service.

Reports from other cities by Mr. Mundy are generally similar. Most reports contain an explanation of the types of taxicab firms found in cities. A few pages are spent explaining the "continuum ranging from a comprehensive taxi firm to single independent taxi drivers acting as a taxifirm."¹ He believes that deregulation and employee protection laws lead to problems.²

¹ Mundy, Ray A., *Ground Transportation Study: Salt Lake City, Utah (2005)*, pg. 7; *Coachella Valley Taxi Study (2007)*, pg. 12; *Yellow Cab of Austin Service Review (2010)*, pg. 8; *San Antonio Taxi and Horse Drawn Carriages Study (2010)*, pg. 9.

² *San Antonio (2010)*, pg. 4; *Salt Lake City (2005)*, pg. 13; *Salt Lake City (2005)*, pg. 42-46.

Additionally, Mr. Mundy makes similar policy recommendations in all reports.

- Reduce Airport Taxis. In every report we studied, Mr. Mundy made the same general recommendation regarding taxis at the airport: restrict the number of taxicabs servicing the airport by allowing access only on alternate days. Mr. Mundy varies on the specific method employed to implement and monitor this system, but his strong advocacy against airport taxis is apparent. Particularly disappointing is the way in which Mr. Mundy addresses airport cab drivers in his reports, referring to them as “airport commandos.”³ His derogatory tone continues as he claims that these drivers “choose not to work.”⁴

Mr. Mundy even condemns nice taxi staging facilities. Mundy’s Salt Lake City report states, “By making the airport holding lot large and providing an area for driver socialization, it is the most attractive cab stand in the region.”⁵ Mr. Mundy assumes that providing certain amenities at the facility, such as air conditioning, will attract more taxicabs to the airport. Without such facilities, Mundy believes “drivers would spend less idle and non-productive time at the holding area contemplating their poor economic conditions.”⁶

- Reduce Number of Franchises/Companies. For cities with multiple franchises or taxicabs, the reports consistently recommend consolidating to allow for a maximum of three to four companies. Consolidation is accomplished by getting rid of smaller, independently-owned cabs. Mundy prefers fewer companies with larger fleets.
- Regulation of the Industry to Benefit Companies. Mr. Mundy believes that deregulation of taxicab service leads to “unreliable, expensive, and spotty taxi service at best.”⁷ Mundy argues *against* setting standardized driver lease rates because it would be unfair to some companies, like Yellow Cab, which “offer the most economic opportunity” to drivers.⁸ Mundy picks and chooses among regulatory models that maximize company profits.
- More Expensive Technology. Mr. Mundy strongly pushes for technology and modern equipment, such as requiring all taxicabs to install GPS and credit card machines. He believes that technology is the key to staying competitive and allows for greater service by the franchises. If a company does not have the means to stay technologically advanced, Mundy suggests they should not be in the taxicab business. The reports never address the financial burdens technology may impose on drivers, especially if the taxicab company chooses to pass the installation and maintenance costs on to drivers.
- Citywide Dispatch Services. The reports heavily endorse a central dispatching system, especially if the city does not have much hail and stand business. Mundy

³ Mundy, Ray A, *Yellow Cab of Austin Service Review (2010)*, pg. 11, 14; *Coachella Valley Taxi Study (2007)*, Executive Summary, pg. i; *Salt Lake City (2005)*, pg. 30.

⁴ *Austin (2010)*, pg. 14.

⁵ *Salt Lake City (2005)*, pg. 48.

⁶ *Salt Lake City (2005)*, pg. 58.

⁷ *San Antonio (2010)*, pgs. 4-5; *Coachella Valley (2007)*, pg. 4.

⁸ *Austin (2010)*, pg. 13; *San Antonio (2010)*, pg.43.

wants drivers to utilize radio call-ins rather than rely on airport trips. He admits that not every authorized franchise needs to have a dispatch system, but at least one company should have city-wide dispatch so that no areas of the city are left unserved. Ideally, the dispatch service would operate with GPS so that the taxis closest to the pick-up address would be called.

- Medallions Not Favored. Mr. Mundy only recommends medallions for large cities with great demand for street hail and stand business. The reports seem to suggest that New York City is the only city where medallions would work. He believes that as a component of a modern regulatory system, management of taxi drivers must be through the individualized firms vested with the daily control of permits.

Furthermore, in his Austin Yellow Cab report, Mr. Mundy incorrectly attributes legal aid organizations as advocating for “individual driver medallions” and argues that such medallions are not necessarily beneficial and do not lead to retirement income.⁹ Contrary to his report, Austin-area legal aid organizations have never promoted a medallion system. The Taxi Driver Association of Austin is in support of “legacy permits” which would be a test system allowing long-time taxi drivers to lease their permit direct from the City of Austin and choose which taxicab franchise they would like to work under. Neither of these organizations have argued that legacy permits would lead to retirement income as a result of transferable property ownership of the permit.

- Quality of Life for Drivers. None of the reports evaluated discussed improving the quality of life or income for drivers. The only recommendation benefiting drivers: drivers should be allowed to reject dispatch service if they fear for personal safety.

We have attached a summary of Mr. Mundy’s comments and conclusions from his prior reports on Austin, Miami-Dade, Coachella Valley, San Antonio, and Salt Lake City. Driver working conditions and income are rarely mentioned in these reports. The Taxi Driver Association of Austin hopes that the Mayor and Council Members will continue to address these issues and support legacy permits for seasoned Austin taxi drivers.

Sincerely,

Taxi Drivers Association of Austin

⁹ Mundy, Ray A., *Yellow Cab of Austin Service Review (2010)*, pg. 3.