

**Taxi Driver Association of Austin Report  
on**

**Austin City Council**

**RESOLUTION 20100225-060**

**And**

**RESOLUTION 20100527-055**

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## INTRODUCTION: THE CHARGE FROM CITY COUNCIL

Taxicab service is an integral part of the transportation system in Austin. Many municipalities have regulated this service for decades. There is little state regulation in Texas and each city's cab service operates differently. Austin's scheme of regulation is a patchwork of ideas formed after different political battles. Texas RioGrande Legal Aid and the Taxi Driver Association of Austin (TDAA) reviewed several issues of concern raised by the current system in a publication released in 2010, *Driving Austin, Driving Injustice*.

In addition to the publication, this year brought a myriad of taxicab issues to the forefront of city council attention. First, a contentious battle for a rate increase for drivers showed the divide between the city staff, franchises, and the drivers. In addition, owners of electric vehicles sought permits for vehicles for hire and two franchises applied for renewal. On February 25 2010, City Council passed Resolution 20100225-060 ("Resolution 60"). The Resolution directed the City Manager to work with the Urban Transportation Commission (UTC) to collect stakeholder<sup>1</sup> input and make recommendations on eight items enumerated in the Resolution. The eight items were:

- 1) The potential for and desirability of establishing a flat rate fare from the Austin Bergstrom International Airport (ABIA) to anywhere in the Central Business District (CBD);
- 2) The potential for and desirability of establishing a flat rate fare for trips from the ABIA to the University of Texas area (UT Area);
- 3) Potential for and desirability of establishing a flat rate fare for trips within the CBD;
- 4) The location of the CBD and UT Area boundaries for the purposes of establishing flat rate fares;
- 5) The potential for establishing a passenger cleanup fee that would apply when a cab must be removed from service for cleanup;
- 6) The potential for additional cab stands in the warehouse district and other entertainment districts;
- 7) The potential for using "hailing icons," and implementing new pickup/drop-off procedures to improve customer access to taxi services; and
- 8) Other issues regarding taxicabs as necessary.

When Council spoke of Resolution 60 from the dais, various council members referred to the implications raised in the *Driving Austin, Driving Injustice* report, including a serious concern that drivers worked long hours for little pay.

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<sup>1</sup> Stakeholders identified were taxicab drivers, taxicab customers, franchise owners, associated businesses, and additional City staff, such as Austin Police, if their input was appropriate.

The first Resolution 60 meeting (also called a “taxicab taskforce” meeting) outlined in Resolution 60 occurred on April 22, 2010, and six more public meetings, an hour and a half to two hours in length, took place over the next few months. The final meeting occurred on July 15, 2010. During this period of time, City Council had lengthy discussions and granted five-year franchises to Austin Cab and Yellow Cab, continuing the monopoly control of permits. Council also bypassed the current city ordinance by exceeding the 60% cap on permits to a single franchise and granting 55 excess permits to Yellow Cab. City Council Member Bill Spellman added Resolution 20100527-055 (“Resolution 55”), to the taxicab taskforce agenda, which directed the City Manager to work with the UTC and the stakeholder group to develop input on the following additional issues:

- 1) Taxicab key performance indicators, including:
  - a. Performance measures currently collected by the Austin Transportation Department;
  - b. Use of biofuel, renewable fuel, or hybrid technology in franchise fleets;
  - c. Percentage of driver-owners in franchise;
  - d. Percentage of drivers leasing more than one permit;
  - e. Customer service data, including time between service call and pick-up;
  - f. Growth date of fees charged to drivers by the franchises; and
  - g. Other indicators, as necessary.
- 2) Capping fees charged by franchises to the drivers, including but not limited to terminal fees, to maximum percentage each year.
- 3) A revised methodology for authorizing franchise agreements, specifically exploring:
  - a. Various procurement options, including request for proposals;
  - b. Various agreement types that enable franchises and the City to achieve customer service, community value, and driver working conditions goals; and
  - c. Integration of key performance indicators as a standard for continued franchise authorization.

Taxi drivers had hoped that this process would lead to a comprehensive review of the current system and guide the council in best practices to revamp the taxi ordinance to improve driver income and working conditions. Those issues that primarily impact the crux of the complaints about the system from taxi drivers are included in Resolution 55. These issues have been left unchanged and left for future council decisions.

The following pages contain a summary of the issues covered in the Resolutions 55 and 60 meetings, information we gathered about other cities, and recommendations.

**TOPIC ONE:  
IMPROVED CUSTOMER ACCESS TO TAXICABS**

One of the problems specifically outlined for discussion in Resolution 60 was the difficulty customers have accessing taxicab services.<sup>2</sup> Coupled with this issue are the problems created in the traffic right of way by taxicabs working to provide service to customers in need of transport. To address these items, city staff asked the taxicab taskforce for input on the use of hailing icons and cab stands.

Under the current ordinance, the Transportation Department should establish taxi zones in locations that the department determines are required for public convenience and necessity.<sup>3</sup> Otherwise, a franchise may file a written request with the department requesting additional taxi stands. This provision of the ordinance states in subsection C that the taxi zone should be situated to allow a taxicab to stop or park only parallel to a curb and inexplicably disallows angled in stopping or parking (which would work on South Congress Avenue). Austin has actually lost taxi stands in the past few years as valet stands often replace existing taxi stand locations. The staff stated that they had no discretion under current procedures to deny a request for a valet stand.

At the meeting, City staff presented information on the location of approximately 15 current cab stands.<sup>4</sup> However, they did not have a map of the cab stands, such as the map on the city of Houston website,<sup>5</sup> and could not state the number of taxicabs that could be parked in the existing stands. The stands usually have spots for two to three taxis, so an estimated number of total spots for taxis to park in the city is approximately 30-45.

Group discussion, which sought input from drivers and franchise owners, revealed that there are no defined waiting areas, markings, signs, or hailing icons in places where Austin visitors would know to hail a cab. Both drivers and franchise owners were able to come to the consensus that the City needed to find ways to alert out of town visitors to locations where they could catch a taxicab.<sup>6</sup> Attendees also noted the positive

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<sup>2</sup> See Austin City Council Resolution No. 20100225-060 requesting recommendations on “the potential for additional cab stands in the warehouse district and other entertainment districts” and “the potential for using ‘hailing icons,’ and implementing new pickup / drop-off procedures to improve customer access to taxi services.”

<sup>3</sup> See Austin City Code §13-2-51.

<sup>4</sup> Prior to the Resolution 60 meeting, Texas RioGrande Legal Aid had submitted a Public Information Act request for information on the cab stands downtown and received an undecipherable document.

<sup>5</sup> [www.houstontx.gov/downtowncab/index.htm](http://www.houstontx.gov/downtowncab/index.htm).

<sup>6</sup> See, *Taxi Service Improves as City Adds Cab Stands in Neighborhoods*, <http://pittsburgh.bizjournals.com/pittsburgh/stories/2007/06/04/story5.html>.

externality for the environment that additional stands would result in less cabs having to constantly circulate looking for fares.

Generally, taxicab drivers wanted more cab stands in more strategic locations. Some of the locations suggested for additional cab stands included the following areas:

- University of Texas on Guadalupe
- Travis County courthouse
- West Sixth Street
- Convention center
- East 7th Street

Taxi drivers also noted that pedicab loading and unloading is not currently regulated and can block current taxi stands. If pedicabs were subject to similar loading and unloading rules, it could help limit the unfair competition from pedicab. Taxi drivers request that, as a competing vehicle for hire, pedicabs should be treated comparably.

Drivers also volunteered additional ideas to improve the use of the right of way including:

- 1) Adding tow away signs in taxi stand areas;
- 2) Designating commercial zones as taxi waiting areas outside of their allotted time for commercial use and add tow away signage;
- 3) Educating police about passenger drop off issues;
- 4) Designating downtown bus stops as taxi waiting areas after buses stop running; and,
- 5) Using Cap Metro bus lanes after 11 pm in East 6th Street area.

#### OTHER CITIES

**Houston** has a map of 21 taxi stands, 30 hailing icons and information on contacting cab companies.

[www.houstontx.gov/downtowncah/index.htm](http://www.houstontx.gov/downtowncah/index.htm)

**Boston** has 30 cab stands on its city travel web site.

[www.boston.com/travel/boston/practical\\_info/cab\\_stands](http://www.boston.com/travel/boston/practical_info/cab_stands)

**Montreal** instituted a public competition to design taxi stands.

**Denver** has a map of approximately 25 taxi stands

[www.experiencedowntowndenver.com](http://www.experiencedowntowndenver.com)

#### Recommendations:

City staff recommends taking immediate action to create additional stands in the warehouse and entertainment districts. The TDAA supports this proposed immediate action, and recommends that the ordinance be amended in several additional ways. The TDAA recommends that the ordinance:

- 1) Allow taxi drivers to suggest additional stands;
- 2) Restrict the replacement of taxi zones with valet stands; and,
- 3) Add a mechanism to bypass staff, if necessary, to implement additional taxi zones required for public convenience and necessity.

In addition, the TDAA recommends that the following three suggestions be implemented immediately:

1. Adding tow away signs in taxi stand areas;
2. Designating commercial zones as taxi waiting areas outside of their allotted time for commercial use and add tow away signage; and
3. Educating police about passenger drop off issues.

TDAA recommends the final two suggestions related to use of bus lanes to improve access and right of way barriers to be added to the list of items that the City staff has labeled for additional study for future action.

## TOPIC TWO: CHANGES IN RATES OF FARE

City Council discussed taxicab fares in Austin at length in the spring before approving the first rate increase in five years. City staff disapproved the request from the franchises to implement the cost of living immediately and instead recommended a three-year stepped increase. Low driver earnings and increased costs of operations are the pressure for fare increases. If drivers leased permits directly from the city, less of their income would be turned over to the franchise middlemen. Consequently, passengers would benefit by fewer increases in rates.

The current ordinance (Sec. 13-2-369) only allows a majority of the three franchises to submit a proposal for a fare increase. Taxi drivers cannot, under the ordinance, initiate a request for a rate change. The application must include information on fares in comparable cities, the effect on the average trip, and a statement detailing the increase in the cost of living to taxicab operators. The application is filed with the city clerk and reviewed by Transportation Department staff.<sup>7</sup>

Against the interests of taxi drivers, franchises and City staff proposed creating a minimum/maximum fare system for certain predetermined trips. These trips included between Austin Bergstrom International Airport (ABIA) and the Central Business District (CBD) or the University of Texas campus area (UT area). Under this system, when drivers made trips to or from ABIA to or from the CBD or UT area, they would have to accept a maximum

<sup>7</sup> See *Driving Austin, Driving Injustice*, p. 11.

### OTHER CITIES

**Washington DC**, the only major U.S. city using a zone system, has reverted to using the meter only, citing consumer preferences.

**Houston** advertises "Six in the City" a catchy flat rate for transport within the downtown business area. Minimum fare from George Bush Intercontinental airport is \$38 and from Hobby airport is \$27.

**Dallas** has a minimum \$14.50 and \$17 rate from D/FW airport depending on whether the cab leaves airport property.

**San Francisco** has a pilot program flat fare to encourage cab pooling as an alternative to single occupancy vehicle travel. Art. 16 Sec. 1147.9

pre-determined rate, or the amount on the meter, whichever was **less**. Drivers adamantly opposed this new fare system, both in front of City Council and in smaller meetings with City staff prior to the Council recommendation. Nonetheless, City staff and the franchises pushed for its adoption.

When pressed in the council meeting on what amount the max fare should be for the designated trips, neither City staff nor the franchises could offer enough evidence for the “right” number for these trips or a minimum fare from the airport. Council placed further discussion of this issue on Resolution 60’s enumerated agenda, specifically requesting the desirability of a flat rate, not a min/max, system.<sup>8</sup>

When this issue reached the agenda of the Resolution 60 taxicab taskforce meeting, taxicab driver response on this issue was overwhelmingly against creating any zones or charging a flat rate. The general consensus at the meeting was in favor of continuing to use the meter. City staff recommends following the consensus reached at the meeting and to continue using the metered rate. TDAA agrees.

Attendees also discussed adopting a minimum rate from the airport to more adequately compensate drivers who regularly wait from two to three hours at the airport for a fare and sometimes pick up a passenger who wants to go only a short distance. Drivers supported a minimum fare from the airport-and the suggested fare varied from \$15 to \$19. Both the Urban Transportation Commission and the Austin Airport Advisory Commission adopted consistent resolutions supporting at least a minimum fare of \$13.00 from the airport. Staff came up with their own fare of \$11.65. The TDAA opposes this paltry fare and recommends that city council, at a minimum, approve the recommendation from the two city commissions.

Drivers also wanted a rate increase immediately that is equal to the change in the cost of living since the last rate increase. Franchises did not oppose implementing the entire rate change immediately, since that had been their request in their initial application to the City for a rate increase. Drivers also requested that the City place a cap on the additional charges that franchises impose on drivers to limit the extent to which the franchises can usurp the benefit of any fare increase. Franchises opposed limiting the amount they could charge drivers.

Comparable fare data is not always an apples to apples comparison. For example, data provided by staff regarding Dallas fares did not include the additional passenger fee of one dollar per passenger. In Austin, four passengers ride for the same price. Also, many cities require taxi cabs to accept credit cards. In Austin, franchises generally charge a 5% fee to the drivers for administering the system and require drivers to accept credit cards, which depletes their income from both fares and tips on those fares. Additionally, cost of living in cities varies. San Antonio housing costs are lower than in Austin. Consequently, driver income necessary to cover this basic need will be greater. Data

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<sup>8</sup> See Austin City Council Resolution No. 20100225-060 asking for discussion and recommendations on the “potential and desirability” of establishing (1) a flat rate from ABIA to the CBD; (2) a flat rate from ABIA to the UT Area; and, (3) a flat rate for trips within the CBD.



information should note these differences. There was no discussion of changes to the taxicab fuel charges at Resolution 60 meetings.

### **Recommendations:**

Driver income is impacted not only by fares and changes in costs for the operation of vehicles; the system must be examined more broadly to assess improvement to the low driver earnings in Austin. TDAA recommends that the City ordinance be amended to:

- 1) Adopt a minimum fare out of the airport of \$13 to \$19 immediately;
- 2) Implement the previously approved rate change immediately;
- 3) Limit the increase in fees charged to drivers by franchises;
- 4) Reduce staff control over the process, ensure more reliable comparability data, including baggage and extra passenger fees, add housing costs comparison to other cities to the requirements in the application for rate change;
- 5) Specifically allow drivers to initiate a rate change; and
- 6) Make fare jumping a Class C misdemeanor.

### **TOPIC THREE: CONSIDERATION OF CLEAN UP FEES**

Resolution 60 specifically requested stakeholder input about an amendment to the ordinance to require passengers to pay a clean up fee when a cab must be taken from service due to damage to a taxicab interior caused by a passenger.<sup>9</sup> Originally the focus of adding a clean up fee was on inebriated passengers, however, during the time that the taxicab taskforce meetings were taking place, a new issue came to light involving passengers with food or drink. The ordinance does not directly address refusing a passenger with food, but states a driver may refuse to convey a passenger that is disorderly or if the driver has reason to believe the safety of the taxicab is at risk.<sup>10</sup> City staff, however, requires taxi drivers to allow passengers to bring any kind of food and drink into a cab; drivers may not post a sign or prohibit a passenger with a chili dog or ice cream cone from entering the cab. Staff informed drivers that if they refuse a person with food, the driver will be ticketed. Franchises likewise informed drivers that their contracts would be terminated in they refused such passengers. In contrast, CapMetro prohibits food or drink on the Airport Flyer. The ordinance further sets that the interior of each vehicle must be reasonably clean.<sup>11</sup> Currently, if a passenger dirties the interior of a cab in Austin, the driver can receive a ticket for failing to have a clean vehicle.

Taxi drivers supported a clean up fee, although the amount of fee suggested varied. Drivers stated that those who work nights and downtown are more likely to face clean up problems than drivers who do not work those areas. Drivers desired a system that police could immediately enforce and they could be paid on the spot. There was debate

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<sup>9</sup> See Austin City Council Resolution No. 20100225-060 asking the taskforce to explore the “potential for establishing a passenger cleanup fee that would apply with a cab must be removed from service for cleanup.”

<sup>10</sup> Austin City Code §13-2-346.

<sup>11</sup> Austin City Code §13-2-142.

about the proper amount of the clean up fee. When asked to estimate the expense drivers suffer when they are forced to remove their cab from service, drivers offered a range of answers. There was no consensus on a fee amount.

By the end of the meeting, almost everyone agreed that a clean up fee should be included in the City ordinance.

Staff later suggested two options during individual stakeholder meetings. The first was to add a nickel or a dime to the drop fee to help drivers absorb the cost over time. Drivers considered this amount too small to compensate for clean up and benefited drivers with no clean up costs while not adequately reimbursing those drivers who have higher incidents of passenger damage.

The second option city staff recommended was to add a quarter to the drop fee and have drivers remit the additional income to franchises, who remit the amount to the city to create a revolving fund. Drivers could seek reimbursement up to \$250. The franchises did not want to create additional administrative matters. The drivers noted that the trip meter might register unpaid personal trips, and therefore, collect more money from drivers than intended. Drivers also voiced a concern that some clean up costs exceeded \$250 and that no options reflected the loss of income while the vehicle is out of service.

**Recommendations:**

TDAA recommends that City Council adopt an ordinance making passenger damage to a vehicle for hire a Class C misdemeanor. A police officer would have the discretion to recommend dismissal of the offense if the passenger pays \$250 to the driver at the time the damage occurs. Another option is to add a \$250 soiling fee to the fare and make fare-jumping a Class C misdemeanor.<sup>12</sup> Even if the fee is set at an amount that exceeds actual costs in some instances, a flat rate fee prevents uncertainty, provides fair notice to passengers, and limits any opportunity for abuse. In addition, TDAA recommends that the ordinance be amended to permit drivers who want to refuse a passenger with food or drink.

**OTHER CITIES**

**San Marcos** has recently adopted a clean up fee.

<http://www.statesman.com/news/local/ba title-continues-over-san-marcos-taxi-fares-202906.html>

**Athens, Georgia** has a \$90 fee enforceable by the police.

[http://www.onlineathens.com/stories/062710/cop\\_661966529.shtml](http://www.onlineathens.com/stories/062710/cop_661966529.shtml)

Soiling fees of 40-250 euros are common in **Britain and other European** countries.

<sup>12</sup> The City of Denver has made it unlawful for a passenger to refuse to pay any fare registered on the taximeter in accordance with the rates. Denver City Code §55-24.

## TOPIC FOUR: OTHER ISSUES – DRIVER WORKING CONDITIONS

The final enumerated item for the taskforce to address under Resolution 60 was open ended – leaving it up to the taskforce to determine what other areas within the taxicab industry had opportunities for improvement.<sup>13</sup> Numerous issues confronting drivers were raised in the *Driving Austin, Driving Injustice* report. Drivers requested the taskforce address driver protections, both physical and financial. Despite working in an incredibly high risk occupation – picking up strangers, cruising all areas of the city day and night, and bearing 100% of the financial uncertainty in the industry - drivers are often classified as independent contractors not protected by any of the laws that protect employees. Drivers are not entitled to minimum wage or overtime. Instead drivers make large financial investments into their small business,<sup>14</sup> and can lose it all if the franchise decides to cancel their contract. Finally, driver income is affected by external factors such as the economy and seasons, but their expenses are constant and only increase with time, irrespective of their earnings. In the event a driver is sick or injured, even if injured on the job, few drivers can afford to take a single day off.

To address these hardships of the occupation, drivers raised issues including: insurance for drivers, mobile permits, an appeals process for canceled drivers, and capping the fees charged by franchises.<sup>15</sup>

### Insurance

Data from the U. S. Bureau of Labor Statistics shows that taxi drivers experience a work-related injury and illness at a rate much higher than the national average. In his December 15, 2009 Audit Report, the City Auditor reported that the Code requires the driver to be insured and that this matter needed to be looked into further.<sup>16</sup>

However, the city transportation staff interprets that this provision does not cover any bodily injury sustained by drivers while operating their taxicabs. City ordinance allows franchises to be self-insured; however, even if self insured they are still required to provide the same coverage as a franchise that uses a third party insurer.<sup>17</sup>

The City of **Dallas** has a conflict of interest provision in its insurance section:

*“No person with any direct or indirect interest in the holder’s taxicab service may have any operational control, direct or indirect, in any insurance company that provides insurance required by this section to the taxicab service.”*

The requirements of coverage in the Code are as follows:

[A]t a minimum, [the franchises must] provide coverage for:

<sup>13</sup> See Austin City Council Resolution No. 20100225-060 where the final item, number eight (8), states merely “other issues regarding taxicabs as necessary.”

<sup>14</sup> Including weekly terminal fees (for use of the permit and access to dispatch), rental fees, or fees towards the “purchase” of a vehicle.

<sup>15</sup> Also included by Council Member Bill Spellman in Austin City Council Resolution No. 20100527 - 055 for discussion.

<sup>16</sup> Audit Report, City of Austin Taxicab Permitting Process, December 15, 2009, Page 15.

<sup>17</sup> §13-2-34(A).

(1) bodily injury of \$100,000 per person and \$300,000 per accident;

(2) property damage of \$25,000 per accident; and

(3) personal injury protection of \$2,500 for each **passenger**.<sup>18</sup>

The code includes additional protections for passengers in subsection (3) but does not distinguish between "person" and "passenger" in subsection (1). In this section, one could presume a "person" includes a driver.

### Recommendations:

Low driver earnings again impact the lack of health or workers compensation insurance for drivers. Adopting a different permitting scheme that allows greater amount of earnings to stay in the pockets of drivers would allow them the option to obtain coverage. Alternatively, reducing fees franchises can charge would increase driver earnings. Another option is to cap fees and increase permit costs to franchises to fund a workers compensation fund for drivers. The last option is to include health, accident, and workers comp provided by franchises in the performance measures. In addition, the ordinance should be amended to clarify that franchises are required to provide insurance coverage for bodily injury and property damage to drivers injured while operating a vehicle. The ordinance should also be amended to require that franchises have a duty to defend drivers in insurance claims, especially where drivers are not at fault, and provide other protections for drivers who pay for insurance coverage, but, in fact, have little coverage. The city should study whether allowing self-insurance is a conflict of interest between the drivers and the franchises.

### Appeals process

Drivers who purchase a vehicle that qualifies for operation as a vehicle for hire make a large investment in the operation of their small business. This investment may be lost for violations of code or at the whim of a franchise. Limited appeal rights exist in the city and airport codes but apply only to suspensions or terminations of the right to operate by the Director of Transportation or the Airport. There is no appeal opportunity for

<sup>18</sup> §13-2-34(B) (emphasis added).

### Other Cities

**New York City** requires owners to comply with NY Workers' Compensation laws

See NY TLC Commission Rules and Regulations

**Chicago** requires Workers' Compensation.\*

In **Denver**, even though Workers' Compensation is not required, all the companies provide it for their drivers.\*

In **San Diego**, even though not required, some companies provide Workers' Compensation at their own discretion.\*

*\*Information provided by the Los Angeles DOT Taxicab Refranchising Plan, Peer Review, December 2009, <http://trla.org/ATT=/1/C760A499.MSG/3/los%20angeles%20peer%20review.pdf>.*

**San Francisco** requires workers comp SEC. Art. 16 1147.5

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drivers terminated from their contracts with franchises. In a system where the drivers do not obtain their permit from the city, but through a franchise, the lack of job security creates a serious hardship for drivers.

In addition, the city does not cap the number of hack or driver licenses. In a down economy, unemployed workers stand in line for the next opening at a cab company. An unlimited pool of replacement drivers further deepens the unequal arrangement between driver and company.

During task force discussions the franchises' response was that there is no need for appeals; the drivers can meet with the CEO to appeal unfair cancellations or sue the company.

A copy of the Yellow Cab Independent Contractor Agreement states that after the "initial [one year] term" the franchise may terminate the contract "without cause" with 30 days notice, and even during the "initial term" the franchise may terminate the contract or restrict the drivers' access to the taxicab for subjective reasons such as the franchises "belief" that the driver has breached the Independent Contractor Agreement, or the belief that the driver poses an "unreasonable risk of harm."

### **Recommendations:**

If drivers leased permits directly from the city, an appeals process loses its importance as a protection against job loss. Because the city is responsible for granting each franchise as a privilege to operate a public convenience, the city should take greater care to protect low wage workers. Similar to requiring contractors to give water breaks to construction workers, the city council can approve independent contractor agreements that protect drivers from capricious terminations by requiring changes to the contract so that drivers may only be fired for cause.<sup>19</sup> The ordinance should also be amended to state that the City manager shall not approve the form of the independent contractor agreement unless it contains a provision establishing an independent arbiter of contract disputes.

In addition, the TDAA recommends that the ordinance cap the number of outstanding hack licenses.

### **Capping of fees**

Resolution 55 directed the task force to consider the issue of capping, by City ordinance, the fees that the franchises are allowed to charge the drivers. The amount of fees charged by the franchises varies from \$235- \$290 a week for the taxi permit number only. Consequently, these "terminal fees" reduce driver income approximately \$1000 a month. If the companies reduce fees, the drivers take home more pay. City ordinance restricts driver income by setting rates of fare and hours worked.<sup>20</sup> The

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<sup>19</sup> Code already requires that franchises indemnify the City, insure the driver, and require compliance with the City code Austin City Code §13-2-74.

<sup>20</sup> See Austin City Code § 13-2-55.

ordinance then allows an open-ended transfer of driver fares and tips to the franchises while simultaneously vesting complete control of the permits to the franchises.

This is only compounded by the fact that there are only three franchises in the City of Austin. The city ordinance requires 24 hour dispatch and reasonable time to pick up passengers for all cab companies applying for a franchise. These provisions limit entry for companies and help reinforce a monopolistic system. The code could eliminate this requirement entirely, or use it only as a factor in granting the application. An elimination of this provision would reduce costs to drivers, especially those who work the airport or downtown areas.

#### OTHER CITIES

In **Seattle**, the Director sets a cap on the lease amount and prohibits sub-leasing.

<http://clerk.ci.seattle.wa.us/~scripts/nph-brs.exe?d=CODE&s1=6.310.315.snum.&Sect5=CODE1&Sect6=HITOFF&l=20&p=1&u=/~public/code1.htm&r=1&f=G>.

**San Antonio** prohibits franchises from making more than a fair rate of return.

San Antonio City Ordinance § 134, Conditions on Franchises.

In **Chicago**, the Commissioner sets the maximum lease rate.

See Chicago Code § 9-112-145 Lease Rate Regulations

**San Francisco** limits fees. Art. 16 SEC. 1135.1

#### Recommendations:

Drivers recommend that the City limit the amount of fees the franchises can charge. This change would ensure that when the City authorized a rate increase, the increase in fares would at least partially result in an increase in income to the drivers. Under the current system, when the rates go up, franchises can (and do) increase their terminal fees and absorb a significant portion of the extra

income.<sup>21</sup>

Another option is to limit the rate of return for a franchise. One franchise representative conceded that such a capping might be acceptable - if the rate of return that the franchises received was forty percent (40%). A rate of return of 40% is almost unheard of in any other business.<sup>22</sup> Chicago set a taxi company rate of return at 14%, Yellow Cab of Chicago appealed, but the City prevailed, arguing that 14% was a fair rate of return.<sup>23</sup>

### TOPIC 5: OTHER ISSUES - TAXICAB INDUSTRY STRUCTURE

<sup>21</sup> Yellow Cab announced a planned increase in terminal fees when the last fare increase was voted on. Lone Star Cab raised its weekly fees recently to \$250.

<sup>22</sup>The most profitable industry, reported in Fortune 500s list of "Top Industries: Most Profitable" in 2008 listed the Network and Other Communications Equipment industry as highest, with a profit as percent of revenue of 28.8%.

<http://money.cnn.com/magazines/fortune/fortune500/2008/performers/industries/profits/>

<sup>23</sup> See *Yellow Cab Co. v. The City of Chicago*, 938 F. Supp. 500, 503 (ND Ill, 1996).

Council requested recommendations on several other issues. The City Manager failed to include these issues in the task force commission recommendations, reserving them for further study and consideration. Unfortunately, these items are those that most impact the unfairness to drivers created by the current ordinance structure. These items include:

- 1) A revised methodology for authorizing franchise agreements;
- 2) Various agreement types that enable franchises and the city to achieve customer service, community values, and driver working condition goals;
- 3) Integration of key performance indicators as a standard for continued franchise authorization; and
- 4) Mobile or portable permits (drivers disagree strongly that there are no successful implementation models found).

### Owner-Operator Requirement

Drivers requested that the taskforce review the current City ordinance and confirm compliance with §13-2-342 which states:

(A) At least 40 percent of the vehicles placed in service by a franchise holder must be owner-operated vehicles.

(B) In addition to the requirements for drivers under Article 1 (General Provisions), Division 6 (Drivers), Subparts A (Chauffeur's Permit) and C (Duties and Conduct of Drivers), a person who owns a vehicle may not drive that vehicle as part of a franchise holder's fleet unless the franchise holder and owner-operator enter into a written contract in accordance with rules prescribed by the department.

(C) When an owner-operated vehicle is taken from service, the franchise holder shall notify the department of that fact not later than the 15th day of the month following the month in which the vehicle is taken from service.

The code does not include a definition of "Owner-Operator." City staff, therefore,

had no definitive guidance when they checked for compliance with § 13-2-342. Under a plain reading, an owner-operator means a person who (1) holds title to their vehicle **and** (2) drives their vehicle. A person could only qualify as an "owner-operator" of a single

#### OTHER CITIES

Other Cities, including that also use "owner-operator in the City ordinance do not leave the term to be defined by City staff.

**Columbus, OH** defines taxicab driver as a person driving a taxicab, and a taxicab owner as a person or corporation that owns, controls, operates or manages a taxicab *provided that* a taxicab driver driving pursuant to a contract of employment or a lease arrangement with the holder of the taxicab **shall not** be deemed a taxicab owner.

**Tacoma, WA** differentiates between a "driver" or "operator" that is a person physically engaged in driving the cab whether or not that person has any interest in the cab, and a "taxicab owner" who owns *and* operates a taxicab, or allows others to operate the taxicab.

**Washington, DC** defines an "owner" as someone who holds title to a taxicab, or if the taxicab is under an agreement for lease or sale, the person who has the immediate right of possession, or is entitled to possession, and an "operator" is any person **operating** a taxicab for hire.

vehicle. Despite the plain language, city staff interprets an “owner-operator” as a 1) title holder of a vehicle, or 2) a driver under a lease-purchase agreement at Yellow Cab. Using this interpretation, vehicles will qualify under the 40% limitation as long as the franchise does not own them. This interpretation allows the continued practice of “fleets within a fleet” where a handful of people own as many as 40 cars that are then leased to drivers outside the regulatory system. See, Appendix.

The first interpretation that makes “owner-operator” synonymous with titleholder completely ignores the second word. For example, using this interpretation, a titleholder of five different cars could be counted as an “owner-operator” five times regardless of whether the titleholder actually operated a vehicle.

The second interpretation ignores the word “owner” and focuses solely on the fact of operation of the vehicle. However, a driver under a lease purchase agreement has no record ownership of a vehicle until it is completely paid.

The Lease-Purchase Agreement between Yellow Cab and its Independent Contractor drivers disqualifies such drivers as either an owner or title holder. Under the agreement, Yellow Cab retains title of the vehicle. A separate document called “Title Agreement” grants a contingent beneficial ownership to the driver. This document does not enable the driver to obtain a title to the vehicle in his or her name. Moreover, the language in the Yellow Cab contract is explicit when it states, “Although this Lease contains an option to purchase provision in Paragraph 6, this Lease primarily contemplates a lease, rather than a sale, of the vehicle.”

**Recommendations:**

TDAA recommends that the City:

- 1) Define owner-operator in the ordinance;
- 2) Clarify the City ordinance to prohibit “franchises within a franchise” that fall outside regulatory oversight; and
- 3) Amend the ordinance to clarify that in calculating compliance with the 40/60 rule, it means one car/one driver.

**OTHER CITIES**

**San Antonio**, prior to issuing a permit, the City manager must consider several factors, including **driver’s working conditions and wages**. San Antonio City Code §33-008(a)(4). **San Antonio** also has a permit allocation committee and requires a utilization rate of 75%. San Antonio City Code §33-929(d). The allocation must be fair and equitable, protect public health and safety, promote public convenience and respect free enterprise. San Antonio City Code § 33.929(c).

In **Dallas**, prior to approving a franchise or a permit, the director shall consider factors, including **taxicab drivers working conditions and wages**. Dallas City Code §45-2.5(4). **Dallas** also allows for permit reduction and franchise amendment. Dallas City Code §45-2.9(d) and 45-2.12(c).

**Portland** has a required 2/3 utilization rate. Portland City Code §16.40.270(e).

**Houston** has a utilization rate of 90%. Houston City Code §46-66(d)(1). **Houston** also sets a goal of fostering enhanced competition within the taxicab industry. Houston City Code §46.66(d)(3). **Houston** also clearly states in its Code that property rights stay with the City. Houston City Code §46-72(e).

In **Columbus, OH** recommendations to Council for the number of taxicabs are based on a number of things, including **the effect on the wages or compensation, hours or conditions of service of drivers of taxicabs**. Columbus City Code §585.06(f).



## Permit Allocation

Despite including allocation of permits on the taskforce meeting agenda, there was limited discussion of the issue. Austin continues historical disparities in distribution by granting no less than the same number of permits to a very limited number of franchises as have been allocated in the past. The ordinance adopts an unusual scheme that only allows permits to be granted to franchises. The city has three taxi franchises, the smallest amount of any peer city reviewed by the city auditor in the Dec. 2009 report.<sup>24</sup> The standard for issuance of additional permits is one of necessity calculated on the basis of city population and taxicab departures from Austin-Bergstrom airport.<sup>25</sup> The city auditor noted that this calculation results in an excess of permits over the calculations of other cities such as San Antonio and Dallas.<sup>26</sup> The ordinance prohibits the reduction in the number of outstanding permits if the calculation results in an excess of permits.<sup>27</sup> A franchise is eligible for distribution of new permits if they have a 75% utilization rate and do not already control more than 60% of the outstanding permits.<sup>28</sup>

Because the city scheme grants permits to franchises that operate as "middlemen," the city loses a significant portion of revenue that other cities with direct driver leasing collect. Franchises currently pay \$400 a year for the permit to operate a vehicle and resell that privilege to drivers for \$200-\$290 a week. Yellow Cab, for example, pays \$182,000 a year to operate 455 permitted cabs, but collects approximately \$6,861,400 from the drivers simply due to control over the permit.<sup>29</sup>

## Recommendations:

- 1) There needs to be an **enforced** and accurate cap: The City needs to adhere to a formula restricting the number of permits for vehicles for hire, including all vehicles for hire, which in turn would limit the number of taxi cab permits allocated.
- 2) The city should lease permits directly to drivers.
- 3) There should be a reallocation of permits: To increase competition, there should be more than three franchises in Austin, and no single franchise should control such an overwhelming majority of the market.

## Taxicab Franchise

The issue of how the City grants a taxicab franchise, including the initial application and the renewal application, has been left for future councils to decide. Cab drivers want greater competition and an opportunity to earn fair compensation. The structure is widely disparate with Lone Star Cab having only 55 permits while Yellow Cab operates 455 vehicles. There are "minifleets" within other fleets with nearly as many cabs as those operating under Lone Star Cab permits. This disparity gives drivers little

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<sup>24</sup> Audit Report, City of Austin Taxicab Permitting Process, December 15, 2009, Page 20.

<sup>25</sup> See Austin City Code §13-2-322.

<sup>26</sup> Audit Report, City of Austin Taxicab Permitting Process, December 15, 2009, Page 19.

<sup>27</sup> See Austin City Code §13-2-323(B)

<sup>28</sup> See Austin City Code §13-2-324(A)(1) and 13-2-325.

<sup>29</sup> See *Driving Austin, Driving Injustice*, Page 22.

opportunity to choose which company to align with-there is basically only one game in town.

Currently, the process for franchise application has few clearly articulated requirements, several of which are designed to restrict entry and thereby reduce competition. For example, an applicant must have 25 vehicles-this provision leaves out the smaller players.<sup>30</sup> Additionally, a franchise holder must also operate 24-hour dispatch, a service that is not necessary for airport or downtown drivers and could be achieved through a consolidated service.<sup>31</sup> There is no goal for fuel efficiency or percentage of accessible vehicles.

The applicant must be the best qualified-but little guidance exists on how to gauge qualifications. 13-2-310 (B). The city manager shall recommend the franchise if the applicant has demonstrated public convenience and necessity for the service-again there is no guidance on this requirement. 12-2-304(A)(3). The process for renewal is subject to the same section of the ordinance as the application for a new franchise.

### **Recommendations:**

Drivers offered several options for improving the granting of a franchise. First, the City could change the taxicab franchise application process to one that is a City procurement process. The city could issue requests for proposals (RFP) that include information about what services expected and the method of delivery and establish a point system. Driver working conditions should be a component of the RFP. Requiring a structured procurement process would bring franchise applications under the no-lobbying provisions of City ordinance, and ideally, allow a more equitable review of qualifications. The process could rate driver benefits such as marketing, repair services, credit card and driver account transparency, voluntary rather than involuntary vehicle signage, and savings account opportunities. The RFP should require disclosure of campaign contributions by principals and the company. Additional benefits of a franchise procurement process would be increased transparency, opportunities for comparison, and uniformity of contracts.

The city should implement some regulation of fleets within a fleet. Because the staff interprets the definition of owner-operator in such a unique fashion, a handful of people own a large number of cabs. These minifleets operate outside the regulatory system and their agreements with drivers are not subject to scrutiny and transparency.

Even if franchises continue to be granted in the same fashion, franchise agreements could be drafted to require achievement of customer service, community value, and driver working condition goals. The City could also integrate key performance indicators into the process of granting franchises. In accordance with the current ordinance, which drivers recommend overhauling in its entirety, two additional franchises should be considered in 2015 with a more equal distribution of permits.

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<sup>30</sup> See Austin City Code §13-2-305(B)(2).

<sup>31</sup> See Austin City Code §13-2-344(A).

## Mobile Permits

Drivers asked the taskforce agenda to discuss mobile permits or direct leasing of permits to drivers. Some task force attendees confused mobile permits with medallions, which are a distinctly different concept than mobile permits. Medallions in some cities have skyrocketed in cost, thereby recreating the same inequalities as a fleet or franchise system. San Antonio directly leases permits to drivers.

Austin drivers proposed a legacy permit system. Under this system, permits would continue to belong to the City of Austin, but a percentage of the total permits would be leased to the drivers instead of the franchises. Currently, drivers work long hours and net very little after paying all of the fees to the franchises.

Granting the access to the permits to a select number of drivers would create a market economy in which drivers could purchase services from and drive for franchise that offers the drivers the best services and pricing. This would increase competition, thereby improving drivers' working conditions and customer service. Under the Legacy Permit system, distribution of the permits allocated as "mobile permits" should be based upon driver experience.

**Houston** reserves 5% of all available permits for new entrants. Houston City Code §46-64(a).  
**Houston** then has a public drawing of qualified applicants. Houston City Code §46-66(a).

Under the proposed Legacy Permit system, drivers would still drive for one of the franchises. Under this system they should be covered under the franchise insurance, as required by ordinance,<sup>32</sup> and have access to the franchises dispatch, as required by ordinance.<sup>33</sup> However, if the City decides to allow mobile permits *and* a driver co-op, drivers stated that they had already researched insurance and found options far more affordable than Yellow Cab<sup>34</sup> and drivers would like to emulate the dispatch system used for the taxi Co-ops in San Antonio. Alternatively, the City could eliminate the requirement that all franchises have 24-hour dispatch. Drivers are not opposed to paying more than \$400 a year the franchises currently pay for the privilege and increase revenue for the city.

## Recommendation:

Adopt a legacy or open permit system whereby the city leases permits directly to drivers.

## TOPIC SIX: PERFORMANCE INDICATORS

The final two taxicab taskforce meetings focused discussion on performance indicators. In Los Angeles, the city collects and evaluates the franchises based on the criteria (performance indicators) enumerated in their ordinance.

<sup>32</sup> See Austin City Code § 13-2-34.

<sup>33</sup> See Austin City Code § 13-2-343.

<sup>34</sup> Tucson drivers pay \$70 per week.

### OTHER CITIES

Other cities use a variety of factors in franchise evaluation. Some cities even give guidance about the goals of taxi regulation.

**Dallas** has a statement of policy that says:

*It is the policy of the City of Dallas to*

The City currently collects data on miles driven, number of trips, fares, and passengers. Simply an exercise in record-keeping and reporting, this process requests no input from drivers and collects no data related to driver working conditions.

The performance indicators used in Los Angeles are:

- 1) Service response
- 2) Telephone response
- 3) Number of complaints
- 4) Rule violations
- 5) % of taxicabs passive
- 6) Inspections
- 7) Timeliness of payment
- 8) Service level for hard to serve population
- 9) Adherence to business plan
- 10) Compliance with standards and record keeping
- 11) Timely submission of reports
- 12) Responsiveness to Board's directives
- 13) Compliance with ordinance

Resolution 55 recommended discussion of several other metrics to possibly use as performance indicators, including:

1. Percentage of “driver-owners” in franchise
2. Percentage of drivers leasing more than one permit
3. Customer service data (i.e. time between call and pick up)
4. Growth rate of fees charged to drivers by franchise

Additionally, one franchise representative suggested that the City make the renewal process easier if a franchise is meeting performance objectives. Other franchise representatives noted that performance measures might not be fairly applied to all franchises since one has so many more permits than the others. Response time, for example, is likely to be slower for a company that tries to cover the whole city with only 55 vehicles than one with 455 vehicles.

Dustin Lanier, Urban Transportation Commissioner, proposed three performance indicators that, in his opinion, would balance the right incentives. He believes the City should look at:

- 1) Trips generated by franchise per driver hour – this metric would incentivize franchises to provide the service they claim to already provide to drivers, including advertising and generating rides.
- 2) Utilization of permits – this metric would prevent franchises from boosting their scores on the first indicator by reducing the number of taxicabs.
- 3) Driver turnover – this metric would protect the drivers from abuse from the franchises.

Some franchise representatives expressed concern with the metrics proposed by Commissioner Lanier. Austin Cab stated that turnover is not the best metric because some drivers have to be fired if the franchises are really supposed to “do what is best for the City.” Also, Austin Cab thought utilization was a bad metric because sometimes there are gaps of 10 or more days between a driver quitting or being canceled and replacing them with a new driver.

### **Recommendations:**

Drivers recommend that the City continue to push for a new and better methodology for evaluating franchise performance. The ordinance should be amended to clarify the goals of regulation. Goals can include promoting adequate and efficient taxicab service, promoting public convenience and necessity, protecting the public health, reducing reliance on single-occupancy vehicles, providing a fair rate of return for business, and providing an appropriate standard of living for drivers.

Drivers recommend the City to consider using the following metrics as performance indicators:

- 1) Average earning of drivers
- 2) Driver satisfaction
- 3) Rider satisfaction
- 4) Driver turnover & accident rate
- 5) Amount of total fees charged to drivers

One of the most important performance measures should be a limit on the rate of return to the franchises. The ordinance should require a look at the relationship of the revenue of existing permit holders and the wages or compensation, hours, and conditions of service of drivers of taxicabs for that franchise.

Drivers also recommend the City consider performance indicators not only when deciding whether or not to allocate or renew a franchise or award more permits, but should also be considered for a reallocation of existing permits.

## **TOPIC 7: OTHER ISSUES**

### **Credit Cards**

Drivers pay 5% to the franchises for handling every credit card transaction. This rate is far above the industry average.<sup>35</sup> A simple internet search yields many companies that can offer this service for less than half of what the franchises charge.<sup>36</sup> Consequently, drivers would rather receive payments in cash or look for a cheaper processor.

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<sup>35</sup> In Columbus, OH drivers are charged a credit card service fee of only 50 cents. Columbus City Code §591.06(h).

<sup>36</sup> <http://credit-card-processing-review.toptenreviews.com/>;  
[http://www.merchantexpress.com/rates\\_wireless.htm](http://www.merchantexpress.com/rates_wireless.htm)

Franchises do not allow drivers to place a sign in their vehicle to alert the customers that the driver prefers cash.

Arguably, if drivers are independent contractors and run their own business, drivers should be able to decide what form of payment they want to accept. Even if allowed to clear their transactions with a lower cost provider, there is still a cost associated with that transaction, and, like all other costs in this industry, the cost is one born solely by the driver. In addition, the quality of the services provided may vary. Drivers sometimes receive IOUs from franchises, but independent companies offer a guaranteed deposit of funds within one to three days at most.<sup>37</sup>

**Recommendations:**

- 1) The ordinance should be amended to allow drivers to select where to clear credit cards transactions. This would allow drivers to find the lowest cost service provider and ensure drivers get to keep as much of their fares as possible.
- 2) The ordinance should require the franchises to report the actual cost of clearing the credit card transactions and include a performance measure related to the percent profit franchises earn for charging the drivers for providing the service.
- 3) The rates of fare should be amended to provide for a convenience fee to process credit cards.

**Hybrids**

The use of hybrid vehicles has thus far not played a part in the decision making process regarding the taxi industry, even though taxicabs spend 10-24 hours a day on the road, depending on the number of drivers sharing the cab.

Hybrids and other fuel-efficient taxis are increasing in a number of cities, including San Francisco, Los Angeles, Chicago, New York, Dallas, San Antonio, Charlotte, Seattle, Madison, and Denver. In order to achieve these gains, some cities have attempted to mandate conversion to energy efficient taxis with mixed success. Congress has also introduced the Green Taxis Act of 2009 (HR 3711) to encourage conversion to more fuel efficient vehicles. .

The issue of hybrids is one that the drivers also asked the City to explore. The average cab is on the road for 80,000-100,000 miles a year. By using less fuel, a hybrid cab that drives 100,000 miles a year can save the equivalent of 32,000 pounds of CO2 emissions. The current vehicle of choice for taxi drivers is a Crown Victoria. Compare the difference between a hybrid and Crown Victoria:

<b>Vehicle</b>	<b>gallons of gas</b>		<b>miles to the gallon emissions</b>
<b>Crown Victoria</b>	5,700	14	160% more than prius
<b>Hybrid</b>	2,200	36	

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<sup>37</sup> *Id.*

Incentives encourage conversion to hybrid vehicles. The downside of fuel-efficient vehicles is the purchase price. According to the Department of Energy, energy efficient taxis cost approximately \$25,000 to \$30,000 compared with \$7,000 for the used Crown Victoria with a "police package". To offset this hurdle, cities offer various incentives to taxi drivers. Other cities offer a variety of incentives:

**San Antonio:** Offers one additional permit to taxi owners who replace combustion engine taxis with a hybrid, limited to two additional permits a year unless 1% of the permits held by the permit holder exceeds two.<sup>38</sup>

**Anaheim, CA:** extends the age requirements of vehicles for alternative fuel vehicles.<sup>39</sup>

**North Texas Council of Governments:** green taxi program has grants toward the purchase of a low-emitting vehicle and is developing a marketing program.

**Dallas:** Extension of time a vehicle can be in service as a taxi.<sup>40</sup>

**North Central Texas Council of Governments:** \$5,000 toward the purchase of a low-emitting vehicle for use as a taxicab.

**Denver:** Access fee discount at the airport

**Houston:** hybrids are one of four types of qualifying vehicles for hire.<sup>41</sup>

**San Francisco:** \$2000 grant on a purchase of a fuel-efficient vehicle on a first come first serve basis

**Seattle:** issued new permits and required percentage of hybrids<sup>42</sup>

**New York:** Medallions auctioned in 2004 for \$170,000 rather than \$400,000 for hybrids; in 2006, 254 of 308 medallions auctions were designated hybrid only with the remaining designated for handicapped accessible; fleet owners may charge more per shift to rental drivers of hybrids.

**D.C.:** \$2,000 tax credit to purchasers of hybrid taxis

Austin provides incentives for other energy saving programs that could be adapted to encourage a greener fleet. Austin has 660 taxi permits with only three or four fuel-efficient vehicles among them. There are currently no incentives to switch to a green taxi other than a federal income tax credit of approximately \$1500. However, Austin currently offers other energy savings incentives such as:

- \* Small business rebates for solar installation up to 70% of cost;
- \* 0% loans up to \$20,000 for 10 years, no fees or closing costs;
- \* Austin Energy Rebates of \$1575 plus \$650 bonus for insulation and weatherization; and
- \* Numerous other programs for small businesses.

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<sup>38</sup> See San Antonio City Code §33-932.

<sup>39</sup> <http://trla.org/ATT=/1/1C760A499.MSG/3/los%20angeles%20review.pdf>.

<sup>40</sup> See Dallas City Code §45-7.2.1(a)(2)

<sup>41</sup> See Houston City Code §46-18.

<sup>42</sup> <http://trla.org/ATT=/1/1C760A499.MSG/3/los%20angeles%20review.pdf>.

The current staff proposal to examine fuel efficiency only as a performance measure for franchise evaluation is ineffective to encourage drivers to invest in a more expensive vehicle that has no proven record for a taxi. Austin could consider a variety of incentives including:

**Loans:** 0% loans for up to 10 years for a purchase of a hybrid.

**Reserved Taxi Stands:** Hybrid only taxi stands in high profile areas such as 7th and Trinity, 24th and Guadalupe, or the convention center.

**Advertising:** Marketing assistance to leave cars behind and take a green taxi.

**Property tax relief:** Exemption from the ad valorem taxes

**Reduced fees:** Discounted licenses, airport access fees, and permits.

**Longer vehicle service:** Extension of life of a hybrid vehicle from 8 to 10 years.

**Freedom to choose:** Mobile permits for green taxi owners-this would allow the drivers to choose which franchise they want to drive under.

**Green taxi cooperative:** allow drivers to form a cooperative of owners of fuel-efficient vehicles.

**Reservation of permits:** Reserve all new permits for hybrids and take 10% of current permit allocations to create a potential hybrid pool.

**Retired vehicles:** Require that retired vehicles be replaced with hybrids.

**Recommendations:**

The ordinance should be amended to set goals for fuel efficiency and offer incentives for conversion of vehicles, such as direct leasing of permits, ad valorem tax relief, discounted fees, longer vehicle service, granting a franchise to a green taxi cooperative, and grants for vehicle purchases.

## **Pedicabs**

Pedicabs, like taxis, are vehicles for hire that are regulated by city ordinance. Unlike taxis, they do not have maximum rates or a cap on permits based on public convenience and necessity. City staff lacks guidance on criteria for approving the operating authority granted to pedicab permittees and there is a lack of consistency in those authorities that have already been granted by city staff. This inconsistency, coupled with the absence of any requirement for the readability of permit numbers on pedicabs, makes enforcement of the operating authority and ability to file complaints against unlawfully operating pedicabs difficult.



As was made clear at the taskforce meeting, even pedicab franchise owners and drivers are unclear what the different regulations already in place are. This problem exists because most of the pedicab regulations are written into each franchise's franchise agreement with the City, and are not written directly into City ordinance, as the regulations of the taxi industry are.

Unlike the other meetings of the taxicab taskforce, there was a large presence of pedicab drivers and franchise owners at the meeting with pedicabs on the agenda. Pedicab representatives were split on whether they wanted the number of pedicabs authorized to operate in Austin to be capped, some owners wanting to keep market share, and others desiring the possibility of increasing competition. Representatives from the taxi industry- drivers and franchises – agreed that there should be a cap on pedicabs.

### **Recommendations:**

The ordinance should be amended to:

1. Write operating authority in to ordinance and discontinue disparate treatment between pedicab operators;
2. Establish pedicab parking zones;
3. Make rolling road blocks illegal;
4. Equalize regulation similar to Portland;
5. Require training and tests for pedicab permits;
6. Limit the hours of operation and busy streets for vehicles;
7. Adopt a cap or a market saturation formula for pedicab permits and consider impact of additional permits on compensation of pedicab and taxicab drivers;
8. Establish a set fare and additional passenger fee;
9. Improve signage for customer complaints; and
10. Institute an anti solicitation provision similar to taxis.

### **Even Odd Days**

Drivers opposed the idea of even/odd days at the airport for the following reasons:

A). Lone Star and Austin Cab do not have enough street business to compensate the drivers when they are working only the street on the days that they are restricted from the airport.

B). Some cabs do not work the airport, however if you flood the street with half of the fleet of airport drivers then the street drivers will migrate to the airport to compensate for the reduction of street and hotel business available to them, therefore the number of cabs at the airport will not decrease. Yellow cab drivers will benefit the most since their company provides the most dispatch calls to accompany preferential days at the airport.

C). Tuesdays and Saturdays are typically very slow at the airport, so the group of cabs restricted to those days will have difficulty making their payments to the franchises that week.

D). City ordinance restricts a driver to working a 12 hour shift. Losing four days of income at the airport days a week, will force drivers to work longer hours on airport days.

E). There is no guarantee that a large enough group of even or odd numbered cabs will work on a particular day and make sure that there are enough cabs to provide service to the customers of ABIA.

F). During high travel times such as ACL, SXSW, large conventions, or several small conventions all booked at the same time, there will not be enough cabs to service the passengers. During those times it takes all cabs to keep up with the demand.

G). Drivers with children, extra jobs, or working spouses will be impacted by the lack of flexibility and restrictions in work opportunities.

**Recommendation:** Do not change the airport access of drivers.

## CONCLUSION

The Taxicab Taskforce was a significant step in gaining stakeholder input into the Austin ordinance governing vehicles for hire. A significant remaining problem is that Austin lacks any formal mechanism for taxi driver input into the regulatory system. Without driver recommendations, the systematic unfairness will continue. City council should establish a special taxi commission rather than lump taxi issues all together under the Urban Transportation Commission. A taxi commission should include taxi driver representation. In Portland, for example, a Private-for-hire transportation board of review includes a taxi driver standing committee. Portland Municipal Code Sec. 16.40.040 and 16.40.060. The standing committee representatives are charged with the duty to bring to the board's attention issues that are important to their respective committees. Such a structure would ensure that driver interests are discussed and that they have input in the regulatory scheme that controls the operation of their livelihood.

The Taxi Driver Association of Austin encourages City council to make some immediate changes to the ordinance to improve driver working conditions and increase their earnings. While there is always a gravitational pull to preserve the status quo by doing nothing or calling for a study, reforms in the taxi industry in Austin are long overdue. It's time to act.

