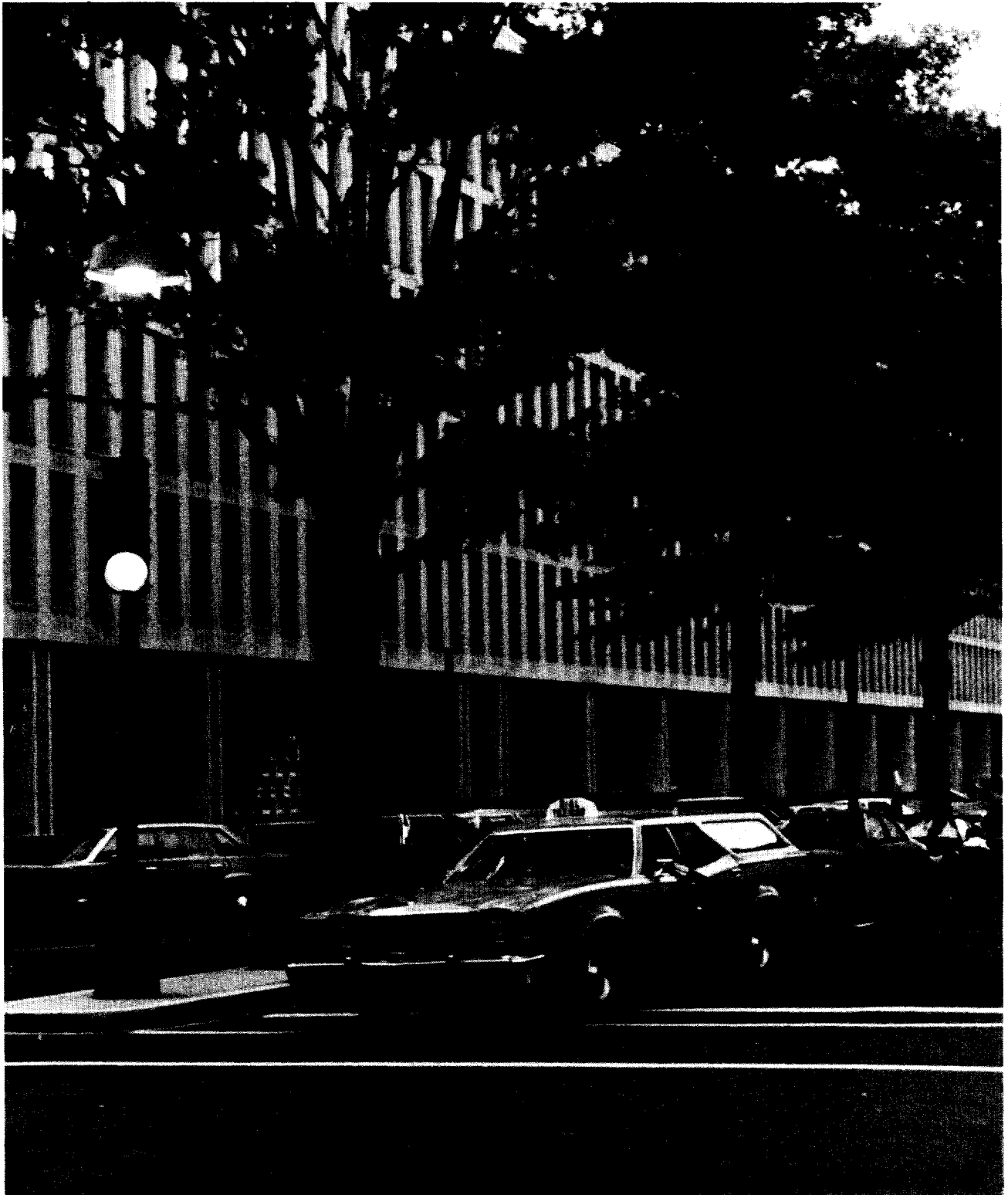




Taxicab Regulation in U.S. Cities

Volume 2: Case Studies

October 1983



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Final Report
October 1983

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TABLE OF CONTENTS AND LIST OF FIGURES

	<u>PAGE</u>
ACKNOWLEDGMENTS.....	i
INTRODUCTION.....	1
1.0 FAYETTEVILLE, NORTH CAROLINA.....	2
1.1 Introduction.....	2
1.2 History of Regulation.....	2
1.3 Solutions.....	3
1.31 Shared-Ride Provision.....	5
1.32 Entry Controls.....	5
1.33 Fare Setting.....	6
1.34 Administrative Procedures.....	7
2.0 HILLSBOROUGH COUNTY (TAMPA), FLORIDA.....	9
2.1 Introduction.....	9
2.2 History of Regulation.....	9
2.3 The Contents of the State Enabling Act.....	10
2.4 Provisions of Local Rules and Regulations.....	13
2.41 Certificates of Convenience and Necessity.....	13
2.42 Fare Setting.....	20
2.43 Administrative Procedures.....	21
3.0 ST. PETERSBURG, FLORIDA.....	23
3.1 Introduction.....	23
3.2 History of Taxicab Regulation.....	23
3.3 Entry Regulations under the 1981 Ordinance.....	27
3.4 Conclusions.....	28
4.0 SPRINGFIELD, OHIO.....	31
4.1 Introduction.....	31
4.2 Background and the Ordinance.....	31
4.3 Other issues.....	32
5.0 DAYTON, OHIO.....	33
5.1 Introduction.....	33
5.2 The Dayton Taxicab Ordinance.....	33
5.21 Entry.....	33
5.22 Fare Setting.....	34
5.23 Ordinance Revision.....	35
5.3 Current Regulatory Issues.....	35
5.31 Entry.....	35
5.32 Fare Setting.....	36
5.33 Other Issues.....	36

TABLE OF CONTENTS and LIST OF FIGURES (cont.)

	PAGE
6.0 MADISON, WISCONSIN.....	38
6.1 Introduction.....	38
6.2 Recent Regulatory Changes.....	38
6.3 Entry Regulations.....	43
6.4 Fare Regulation.....	44
6.5 Administrative Procedures.....	47
7.0 DES PLAINES, ILLINOIS.....	49
7.1 Introduction.....	49
7.2 History of Taxicab Regulation.....	49
7.3 Fare Regulation versus Deregulation.....	52
7.4 Entry Regulation.....	53
7.5 Conclusions.....	54
8.0 CHARLOTTE, NORTH CAROLINA.....	55
8.1 Introduction.....	55
8.2 The Process of Regulatory Revision.....	56
8.3 Entry Regulation.....	58
8.4 Fare Regulation.....	62
8.5 Administrative Procedures.....	64
8.6 Conclusions.....	71
9.0 FRESNO, CALIFORNIA.....	73
9.1 Introduction.....	73
9.2 History of the Regulatory Process.....	73
9.3 Entry Controls.....	75
9.31 Before Deregulation (1979 and earlier).....	75
9.32 During Deregulation (1980-1982).....	76
9.33 During Reregulation (1983).....	76
9.4 Fare Setting.....	77
9.41 Before Deregulation.....	77
9.42 During Deregulation.....	79
9.43 During Reregulation.....	79
9.5 Conclusions.....	79
10.0 SACRAMENTO, CALIFORNIA.....	81
10.1 Introduction.....	81
10.2 History of Regulation.....	82
10.21 Entry Requirements.....	82
10.22 Fare Setting.....	82
10.23 Early Modifications.....	82
10.24 Deregulation.....	84
10.3 Evaluation.....	85
10.4 Conclusions.....	86
REFERENCES.....	88

TABLE OF CONTENTS and LIST OF FIGURES (cont.)

PAGE

LIST OF FIGURES

FIGURE ONE	APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY, HILLSBOROUGH COUNTY, FLORIDA	14
FIGURE TWO	RECOMMENDATIONS FOR TAXICAB REGULATION REVISION, ST. PETERSBURG, FLORIDA	26
FIGURE THREE	QUESTIONS FOR NEW TAXICAB LICENSE APPLICANTS, MADISON, WISCONSIN FEBRUARY 22, 1983	41
FIGURE FOUR	APPLICATION FOR AN OPERATING PERMIT CHARLOTTE, NC	60
FIGURE FIVE	RULES AND PROCEDURES FOR THE TAXICAB REVIEW BOARD, CHARLOTTE, NC	67
FIGURE SIX	TAXICAB ORDINANCE REGULATORY REVISION CHRONOLOGY, FRESNO, CALIFORNIA	78

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INTRODUCTION

Volume II of Taxicab Regulation in U.S. Cities contains the case study reports that were completed as part of the study on state and local taxicab regulation. Ten U.S. cities were visited in June and July, 1983, for more in-depth study of their experiences with taxicab regulation. These cities are Fayetteville and Charlotte, NC; Tampa and St. Petersburg, FL; Dayton and Springfield, OH; Sacramento and Fresno, CA; Des Plaines, IL; and Madison, WI.

Information from the case studies is used extensively in Volume I of Taxicab Regulation in U.S. Cities, but all of the final case study reports are included in this second volume as additional information for cities considering future changes in their taxicab regulation.

1.0 Fayetteville, North Carolina

1.1 Introduction

Fayetteville, North Carolina, is located in Cumberland County in the southeastern part of the state. Recent census reports indicate that Fayetteville has a population of approximately 60,000 with a population in its urbanized area of over 245,000. Pope Air Force Base and Fort Bragg Army Base account for over sixteen percent of the population.

Currently, nine taxicab companies operate 110 taxicabs in Fayetteville. Terminal Cab Company operates almost one third of these cabs. The other eight companies own between six and nineteen vehicles.

Fayetteville was chosen as a city to examine in greater depth because of its innovative method of regulating entry into the industry and its use of a Taxicab Review Board. Another interesting feature of its ordinance is a provision which authorizes the used of shared-ride meters.

1.2 History of Regulation

The Taxicab Inspector recognized a number of deficiencies in the taxicab ordinance of the late Seventies. At that time, there were complaints stemming from poor service at the Municipal Airport. The local media reported on this situation and the City agreed that the problem reflected poorly on Fayetteville. There were also complaints about service in downtown Fayetteville. Since the City was involved in constructing a new federally-funded Transit Mall, it was afraid that the condition of some taxicabs would damage this revitalization effort.

The Inspector also discovered that, although taxicabs are an important source of ground transportation in an emergency situation,

they were not included in City evacuation or other emergency plans. In addition, he became aware of taxicab cruising problems between the Airport and downtown and within the downtown area. Gasoline prices were very high at this time and energy-saving measures were being sought. Finally, while shared-ride was permitted by the local ordinance, it was difficult to implement because of inaccurate methods of fare calculation.

1.3 Solutions

In an effort to deal with problems related to the poor image created by driver conduct and vehicle condition at the Airport, the City and Airport adopted regulations governing the operation of taxicabs. Provisions which tightened appearance and service requirements became effective in 1981. These provisions stated that drivers had to dress and act appropriately and were responsible for keeping the surrounding area clean. Increased vehicle maintenance and a color scheme requirement also helped to improve appearances.

Because the Airport was a lucrative source of business, there were too many taxicabs stationed at or cruising terminal parking lots. New regulations state that a maximum of three taxicab/limousines are permitted to park in the area designated for vehicles to wait for passengers. A rotation system allows three different companies to be in the ready area at a time. All companies must apply for an annual \$25 permit to operate at the Airport.

Realizing that a poor image and fierce competition were not advantageous to them, the taxi industry decided without opposition to adopt its own limit. In the past a customer would call in for a ride from the Airport and take the first taxicab that cruised by the

terminal. The new regulations control problems of oversupply at the Airport while avoiding possible antitrust law violations.

Another service change related to the Airport and the downtown area was allowed by the new ordinance. Amendments made cruising and parking illegal within Fayetteville unless it occurs at standby locations designated for a specific company. This provision allows for a driver to transport someone to the airport and either to park, with a special permit, to wait for a return trip, or drive to a nearby stand to wait. Prior to this amendment, drivers would immediately return downtown for possible customers. Gasoline prices soared during this period and both owners and city officials agreed that using stands conserved energy and money.

The standby scheme proved to help overcrowding in downtown Fayetteville. Most of the taxicab companies operated downtown even though much of the shopping mall business moved to the suburbs. Now, only a limited number of taxicabs and stands are located downtown. The owner generally makes arrangements with the property owner or nearby businesses so that the taxicab could stay at that location to receive passengers. The installation of stands downtown not only encouraged a better business environment for taxicabs, but also pointed out the opportunities elsewhere. The downtown parking spaces are free for customers and customers now have a certain available service.

The Inspector requested and reviewed every ordinance from cities across North Carolina. He noticed that most ordinances originated in the Fifties and Sixties. None had included taxicabs in city evacuation plans. Sensing that they could be a crucial element in emergency plans, the Inspector and the City Attorney arrived at a compromise that is

beneficial to the City and to owners.

Many complaints centered on overcharging passengers who share a ride with others, particularly from the airport. The new ordinance allows for shared-ride meters that can determine four separate fares for people bound for different destinations.

1.31 Shared-Ride Provision

In 1981, the Inspector proposed and the City Council accepted a new provision of the taxicab ordinance allowing for a shared-ride taximeter system. The new system allows for an accurate calculation of fares when a taxicab serves multiple passengers with different destinations. Although the Inspector would like to see the installation of shared-ride meters mandatory, it is not a requirement currently. It was decided that the City could not impose this requirement on an industry which must meet upgraded standards and other regulatory burdens.

Some companies have installed shared-ride meters. The AAA company, which does a great deal of business at the nearby Fayetteville Airport, has converted all but one of their regular meters to shared-ride meters. Two other companies chose to convert only one of their meters to shared-ride.

1.32 Entry Controls

The Taxicab Inspector reviewed the process under which the City Council determined the need for issuing additional certificates of public convenience and necessity. Deciding that there was no accurate way to determine if more taxicabs should enter the market, the Inspector proposed that the taxicab companies submit quarterly reports.

Under the new procedures, Fayetteville taxicab companies are

required to submit monthly the total number of trips and miles driven. The Taxicab Inspector compiles this information into quarterly reports given to the Taxicab Review Board. City Council received an annual report of activity within the industry.

There appear to be a number of advantages to the quarterly reports. From the statistics derived, the Inspector can determine the approximate condition of a vehicle through the number of miles reported. In addition, the Inspector can estimate the commission or salary which each driver makes so that a company in financial difficulty may be spotted. Most important, this data helps the Inspector to make a realistic recommendation to the Review Board and City Council as to whether more taxicabs are needed. At the same time, the Council has not relinquished its authority in deciding the number of taxicabs.

The taxicab company owners were skeptical originally about the necessity of submitting quarterly reports. Once the owners understood that the data was being used for the purpose of deciding the need for taxicabs, there was no opposition.

1.33 Fare Setting

Both the representatives from City government and the industry are satisfied with letting City Council establish fares for taxicab operations. Currently, the City Council sets a maximum fare but no minimum fare. It is a policy adopted by the City of Fayetteville so that companies are allowed to offer discounts to the elderly and handicapped and to other categories of passengers. Some companies, for instance, offer a ten percent discount to the elderly and handicapped and riders from a local rehabilitation center. If changes in fares are

necessary, the City Council listens to the industry and then decides.

An interesting approach to fare setting, the Taxicab Inspector surveys the local taxicab companies to determine if owners need an increase in fares. Answers in the past reflect a concern that raising fares would price out companies. The last time that a fare increase was considered was in 1979 when gasoline prices jumped dramatically. Prices fell soon thereafter so that fares remained the same.

1.34 Administrative Procedures

As in many cities across the United States, the City of Fayetteville relied upon the City Council to hear appeals of taxicab ordinance violations. Since this process took from two to three hours of Council time a session, in 1981, the Inspector proposed the establishment of a Taxicab Review Board.

The first part of this Board's monthly meeting is reserved for general business and is open to the general public. An agenda is presented by the Taxicab Inspector and everyone not required to stay for the hearing is asked to leave. The Inspector approaches the Review Board with a case and the driver is sworn in. Questions are asked of the driver by the Board and all testimony and witnesses are presented. The driver is then asked to leave the chambers and the decision on the appeal is made. After reaching a decision, the Review Board recalls the driver to the podium and explains its ruling.

There are a number of advantages to using a Review Board. Besides freeing City Council time, the most important reason for the existence of a Review Board is that it can allow the taxicab industry to participate in its own regulation. Board members include not only the

Assistant City Manager and a representative from the Police Department, but also a member from the taxicab companies. The City Council appoints an alternate for the industry in order to avoid any possible conflict of interest should the driver making the appeal be an employee of the same company as the one employing the industry member on the Review Board.

Because the Assistant City Manager is a member of the Review Board, the appeals body is entitled to the services of the City Clerk. These services made it possible for a permanent record of all Review Board meetings to be made available to the public. The Assistant City Manager acts as a liaison between the Board and the Council, and ensures that a city-wide perspective is maintained during the appeals process.

2.0 Hillsborough County (Tampa), Florida

2.1 Introduction

Hillsborough County is located on Florida's West Coast along Tampa Bay. Within the county, there are three cities - Tampa, Plant City and Temple Terrace. The county has a population of about 680,000 well over half of which resides within the Tampa city limits.

Currently, there are three taxicab companies operating 323 permit-bearing taxicabs in Hillsborough County. Permits for seventeen limousines are held by several other companies. The county also regulates twelve vans for the handicapped called "handicabs" which will be discussed later in this report.

Hillsborough County was chosen as a case study area because of its unique solution to taxicab regulation jurisdictional problems. The State of Florida enacted enabling legislation which allowed the county to set up the Hillsborough County Public Transportation Commission to regulate all vehicles for hire in the county.

2.2 History of Regulation

Before 1976, Hillsborough County and the three municipalities within it all had their own separate taxicab ordinances. Taxicab companies in each area had to obtain operating permits from each of the separate local governments in order to serve the entire county. For example, the city of Tampa allowed taxicab companies to sell each other permits and had a Taxicab Review Board to review taxicab driver licensing appeals.

By 1976, the Hillsborough County area was undergoing tremendous growth and there was no clear geographical delineation between the three

cities in the county. The resulting jurisdictional problems made taxicab regulation a nightmare. The county and the local city governments all realized that the area needed a better, more centralized system of taxicab regulation. The legislative committee from the county went to the Florida Legislature and requested them to pass a special enabling act authorizing the establishment of a county-wide taxicab regulatory agency. In 1976 a special act was passed which permitted the establishment of the Hillsborough County Consolidated Taxicab Commission. The Commission's name has since been changed to the Hillsborough County Public Transportation Commission in order to more accurately reflect the scope of its responsibilities.

2.3 The Contents of the State Enabling Act

The special Act creates the Commission as the only legal agency for the regulation of taxicabs, limousines, vans, and handicabs within Hillsborough County and its three municipalities. No other jurisdiction in the county has the right to regulate any transportation company because the Commission's authority supersedes all others.

The Commission is given the authority and power to fix or approve taxicab zones, set rates, determine classifications, and require the filing of reports and other data concerning transportation operations. The responsibilities of the Commission include the regulation of vehicle safety, cleanliness, and equipment, of operator qualifications, and of certificate issuance to drivers and companies.

This Act also specifies that the Commission will have seven members - three from the Hillsborough County Board of County Commissioners, two from the City of Tampa, and one each from Plant City

and Temple Terrace. Each member serves a two year term and alternates are chosen from each local government. A Chairperson is elected from the Commissioners and he/she also serves for two years. The Act stipulates that the Commission must meet at least once a month.

Each of the vehicles which the Commission is authorized to regulate is defined in the Act. A "taxicab" is a vehicle with a capacity of not more than nine passengers, including the driver, for the transportation for hire of passengers, and must have a taximeter. The Commission is currently having trouble determining the difference between vans and limousines because their Act definitions overlap. This definition question causes additional problems because the number of limousines is limited while that of vans is not. The Act defines the corporate term "handicab" as a vehicle designed to operate for the transportation of persons with non-emergency medical conditions where no medical assistance is needed and who cannot occupy or exit from a regular taxicab. Usually these vehicles provide either wheelchair or stretcher service.

The Act authorized the Commission to hire Public Transportation Inspectors who were given the power to enforce the Act and the local regulations in Hillsborough County. The inspectors, along with a part-time attorney, secretary, office space and equipment, are funded by taxi fees which drivers must pay to the Commission. The collection of these fees makes the Commission's Administrative staff self-supporting. The Commission is also authorized to charge whatever fees it needs to continue operating, but, if it lacks the funds to meet minimum expenses, the Hillsborough County government is required to pay the difference.

The Act also establishes the Commission's basic decision making

process in the issuance of new certificates of convenience and necessity for each type of service which it regulates. The Commission may use the following as requirements for establishing the existence of public convenience and necessity:

- (1) the adequacy of existing service;
- (2) the permanence and quality of service offered by the applicant;
- (3) the type of service proposed by the applicant, such as the use of radio communication and the times when service will be offered;
- (4) the financial status, character, and responsibility of the applicant as demonstrated by his ability to provide his intended service; and,
- (5) the previous experience of the applicant in operating the type of service which he expects to offer.

Using these as criteria, the Commission holds a public hearing on the application to which the public and members of the local taxicab industry are invited before granting a permit.

Finally, the Act authorizes the Commission to adopt local rules and regulations for safety and equipment requirements; driver qualifications and the investigation of applicants; the issuance of public vehicle driver's licenses; the form, term, renewal, and transferability of operating permits; and the surrender, suspension, and revocation of driver's licenses; the color scheme and insignia of vehicles; and the procedure for applying for individual or company operating certificates.

In some cases, the Act outlines exactly what the Commission must have in its local rules. For example, the insurance requirements are determined and the general requirements for driver's license applications are specified. Overall, the Act authorizing the establishment of the Commission is comprehensive while still leaving some flexibility for the meeting of special local needs.

2.4 Provisions of Local Rules and Regulations

Basically, the local rules and regulations for the Hillsborough County Public Transportation Commission follow the specifications of the Act and establish specific standards for certificates of convenience and necessity, fare setting, and administrative procedures for the inspection and licensing of drivers.

2.41 Certificates of Convenience and Necessity

In order to be eligible for a certificate of convenience and necessity, an applicant must follow the application process set out in the local regulations and pay a \$300 nonreturnable application fee. Figure One on the following pages contains the application form. Once the application for a certificate is completed, the Commission holds a public hearing to consider the application. All current certificate holders must be notified of the public hearing and be given an opportunity to speak.

The criteria listed on the local regulations that the Commission must use when making a decision on a certificate of convenience and necessity are much stricter than those outlined in the Act. The Commission cannot grant a certificate unless the applicant can show the following:

FIGURE ONE

APPLICATION FOR TAXI OR LIMOUSINE OPERATOR'S CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY

Before the
HILLSBOROUGH COUNTY CONSOLIDATED TAXICAB COMMISSION

Dated at _____, Florida _____, 19__

To the Chairman:

The undersigned hereby makes application for a Certificate of Public Convenience and Necessity to operate taxicabs or limousines "For Hire" within Hillsborough County under Chapter 76-383, Laws of Florida, and respectfully submits the following facts in support of this application as required by law:

1. A. If an individual:

Name _____ Age _____

Address _____ Residency In County (Nos.) _____

B. If a partnership: Business Name _____

Partners Name	Address	Age	Residency in County (Nos.)
---------------	---------	-----	-------------------------------

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

C. If a corporation or association:

Directors/Officers' Name	Title	Address
--------------------------	-------	---------

_____	_____	_____
_____	_____	_____
_____	_____	_____

D. Attach Certification of Corporate Papers from Secretary of State's Office in Tallahassee.

FIGURE ONE (cont.)

2. Class of Service to be furnished:

A. Taxicab___ Limousine___ Van___ Handicab/Wheelchair___
Handicab/Stretcher___

B. Description and number of vehicles, seating capacity,
seating arrangements, size and gross weight: _____

3. Names of three (3) Hillsborough County Residents as references:

Name	Address
_____	_____
_____	_____
_____	_____

4. Trade Name (if any) _____

Proposed color design _____

Location of Business (proposed)

Street _____ Town _____

County _____ State _____

Zip _____ Telephone Number _____ (if available)

Mailing address (if other than above):

Street _____ Town _____

County _____ State _____

Zip _____

FIGURE ONE (cont.)

5. A FACTUAL STATEMENT INDICATING THE PUBLIC NEED FOR SERVICES, including studies supporting the demonstrated demand and feasibility for the proposed service(s) and deficiencies in existing services, and any other pertinent data you wish the Hillsborough County Consolidated Taxicab Commission to consider. Statement is to be typewritten and signed. (Attachment #1)

6. GIVE A DETAILED STATEMENT (balance sheet) of financial condition of applicant showing all assets at original cost and all liabilities including secured debts and revenues from all sources, for the statement period. This statement should be typewritten indicating the period covered and be signed by the person who prepared it. (Attachment #2)

7. A FACTUAL STATEMENT OF THE PROPOSED SERVICES TO BE PROVIDED, including type of service, hours and days of operation, market to be served, geographic areas to be served, and any other pertinent data you wish the Hillsborough County Consolidated Taxicab Commission to consider. Statement is to be typewritten and signed. (Attachment #3)

8. A FACTUAL STATEMENT INDICATING THE ABILITY OF THE APPLICANT TO MANAGE AND PROVIDE THE PROPOSED SERVICES, including the management plan, maintenance facilities, insurance program, accounting system, system for handling complaints, system for handling accidents and injuries, system for providing the county monthly operating reports and any other pertinent data you wish the Hillsborough County Consolidated Taxicab Commission to consider. Statement is to be typewritten and signed. (Attachment #4)

9. A FACTUAL STATEMENT OF THE BENEFITS THAT WILL ACCRUE TO THE PUBLIC INTEREST FROM THE PROPOSED SERVICE, including the economic, social and environmental impact and any other pertinent data you wish the Hillsborough County Consolidated Taxicab Commission to consider. Statement is to be typewritten and signed. (Attachment #5)

10. Record of Vehicular or Pedestrian accidents last five (5) years in which applicant has been involved:

Name	Date	No. Injd.	Location of Accident	Prop. Dam. \$	Persons Inv.	Decision
------	------	-----------	----------------------	---------------	--------------	----------

FIGURE ONE (cont.)

Description of Accident(s)

11. If Individual, Partnership, or Corp. Officer: Record of all crimes (excluding traffic) of which the applicant has been convicted within five (5) years preceding the date of the application:

Name	Offenses	Date	Court	Penalty
------	----------	------	-------	---------

12. Photograph and finger prints (Attached)

Taken by Hillsborough County Consolidated Taxicab Commission

13. Remit to the Commission the sum of \$ 300 (non-refundable) with the application for Master Certificate herewith applied for:

14. After a Certificate is issued, but before the permit or permits are issued to conduct operations under said certificate by the holder of such certificate, the certificate holder shall file evidence of insurance with the Commission providing for public liability and property damage coverages on each vehicle to be operated under said certificate in an amount not less than \$ _____ as to public liability, and property damage coverage in an amount not less than \$ _____. This evidence shall be in the form of a "Certificate of Insurance" issued by an insurance carrier or its bona fide agent or broker. (Attachment #6)

15. Upon approval and issuance of Certificate of Public Convenience and Necessity, execute and file with the Commission individual applications for registration of, and Identification Tags/ Stickers for each motor vehicle identified in Item #2 to be operated under this Master Certificate, and remit to the Commission the sum of \$ _____ for each Identification Tag/ Sticker applied for.

FIGURE ONE (cont.)

It is acknowledged by the applicant that this applicant shall be investigated by the Hillsborough County Consolidated Taxicab Commission who shall have the authority to require such further investigation or additional information as he deems necessary to adequately inform the Hillsborough County Consolidated Taxicab Commission about the applicant's proposed operations and the public need therefor.

I hereby certify that I have read and understand Chapter 76-383, Laws of Florida, and if I am granted a Certificate of Public Convenience and Necessity, that I will fully comply with its provisions.

Applicant's Signature _____

A F F I D A V I T

STATE OF FLORIDA

COUNTY OF _____

On this _____ day of _____, 19 __, before me personally appeared _____, to me known to be the person described in and who executed the foregoing application, who upon oath deposes and says that the matters and things therein set forth are true.

Witness my hand and official seal the date and year above written.

NOTARY PUBLIC

- (1) inadequacy of service provided by existing certificate holders;
- (2) the applicant's fitness to provide the proposed services;
- (3) no adverse effect on the operations of current certificate holders of the proposed services;
- (4) demonstrated public demand for the additional service;
- (5) an economic and environmental impact analysis of the proposed service;
- (6) the adequacy of the management plan; and,
- (7) benefits that will accrue to the public interest from the proposed service.

In the case of taxicabs, the Commission cannot authorize more than one cab for every 1,000 county residents. Since there are only 323 taxicab permits at this time and the limit on the basis of this population ratio is 680, there is, at present, no real limit on new entries.

The first and third criteria above strongly favor current certificate holders and work against an applicant being able to prove the "convenience and necessity" required for the issuance of a new certificate. Neither of these criteria are found in the Act which is more interested in the applicant's ability to provide good transportation service.

Despite these stringent criteria, the Commission did authorize the operation of a third company in 1982. Before 1982, there were only two companies - Yellow Cab Company which has operated for over 50 years and the United Cab Company which was founded in 1967 - operating in the area

regulated by the Commission. Both of these companies were family-owned businesses. The Yellow Cab Company holds 175 taxicab permits, the United Cab Company has 118, and the new company, Tampa Bay Cab, was granted 30 at the time its certificate was approved. When Tampa Bay Cab applied for a certificate, the two existing companies strongly resisted its entrance into the local taxicab industry claiming that the level of service which they then provided adequately met the needs of Hillsborough County and that the approval of a new company would be detrimental to their operations. Despite their opposition, the Commission granted Tampa Bay Cab a certificate because it believed that more competition was needed in the area.

Hillsborough County's application process for new certificates differs from that of most cities. It has a very specific application process that makes it clear what requirements must be met before a certificate of public convenience and necessity can be awarded. Since the Commission and other interested parties may still differ over the question of whether an applicant meets these requirements, the process does not entirely eliminate problems of interpretation.

2.42 Fare Setting

The regulation of fares in Hillsborough County has undergone recent changes. Within the last year the Commission decided to establish a maximum fare. Before this decision the Commission established a set fare for taxicab operation which all companies had to follow. Now a company can charge any rate up to the maximum fare. Certificate holders must have a schedule of their current rates on file with the Commission at all times and are required to post their rates inside the passenger

compartment of all of their vehicles. The rates cannot be changed without filing with the Commission a letter of intent not less than 60 days prior to the change.

The decision to switch to maximum fare was made after one company requested a lower fare for his taxicabs. The Commission was interested in encouraging rate competition among the three companies and responded to the company's request by implementing a maximum fare clause. The Commission will consider changes or increases in the maximum fare at a public hearing where all interested parties will be given an opportunity to present their views. After considering all the statements made at the hearing, the Commission will set the appropriate maximum rates that are in the public interest.

2.43 Administrative Procedures

Basically, the authority and responsibilities of the Hillsborough County Public Transportation Commission are divided into two parts: policy making and administrative procedures. The seven member Commission establishes all policies and regulations for public transportation. This policy making authority includes the power to make any changes in the local rules, approval of applications for new certificates of convenience and necessity, and the hearing of appeals from drivers denied licenses by the Taxicab Inspector.

The day-to-day administration of the Commission's regulations and rules is the responsibility of two Taxicab Inspectors and a secretary. They implement whatever policies the Commission establishes and these now include: driver registration and licensing, inspection of all vehicles, ensuring of lawful company operation, investigation of

complaints, and the processing of applications for certificates. Overall, the Inspectors are charged with the enforcement of all of the details laid out in the Act and the local regulations. Since the Inspectors are required to qualify as deputy sheriffs for Hillsborough County, their enforcement powers are fairly extensive.

3.0 St. Petersburg, Florida

3.1 Introduction

St. Petersburg is located in Pinellas County, Florida. It is a city with over 260,000 people, and is also part of the Tampa-St. Petersburg metropolitan area. St. Petersburg is the largest of the 24 municipalities in the county that regulate taxicabs. One hundred sixty taxicabs and limousines operate in the St. Petersburg area under the most recent ordinance.

The decision to study St. Petersburg was based on the fact that the City Council, staff and local taxicab industry have spent a lot of time grappling with major issues of taxicab regulation. These issues included entry into the taxicab industry, fare setting, and regulatory administrative procedures. The discussion of taxicab regulatory changes began in 1979 and continued through April, 1981, when a new ordinance was passed by the City Council.

3.2 History of Taxicab Regulation

Before review of the taxicab regulations began in 1979, the City Council had requested a study of the ordinance as early as 1972. The City administrative staff spent two years studying entry, fares, and driver responsibility at that time. At the end of 1974, they presented four alternatives for determining entry into the taxicab industry to the St. Petersburg City Council. These alternatives were: (1) issue an unlimited number of permits; (2) raise the present limit on the number of permits; (3) continue the present limit of 180 permits; or (4) reduce the number of permits. Before the City Council could make a decision on entry into the taxicab industry, the issue was complicated by a request.

Yellow Cab wanted to defer payment on 26 of the permits which it held and to have the city withhold them from other companies until Yellow Cab needed them at some future time. The City Council passed a resolution which reduced the total taxicab license quota by 26 permits and further authorized that no others were to be issued until a revised taxicab ordinance had been approved. The City Council did not promise Yellow Cab that it could regain the 26 permits which it had turned in. Since no revised ordinance was adopted by the Council in 1974, the authorized number of permits remained at 180 in the ordinance and 154 by Council resolution.

After 1974 there was no significant discussion of taxicab regulatory revision until 1979. The only action taken in the interim period was the issuance of three additional permits for public conveyances which effectively raised the ceiling on permits to 157.

Discussion of changes in the taxicab regulations was reopened in 1979 when a new company requested two public conveyance permits to operate a limousine service. Concurrent with this request for two permits, Yellow Cab asked the Council to return to them the remaining unused permits. Initially the Council gave Yellow Cab the 23 unissued permits, but then decided that these permits should not be issued until the City administration again reviewed the taxicab regulations.

In September, 1979, the staff presented the Council with a summary of their comprehensive report comparing St. Petersburg's taxicab regulations with those in thirteen other Florida jurisdictions. Comparisons were made in the areas of entry, transferability, rates, licensing, fees, equipment, driver regulations, and enforcement. The staff also recommended changes in the existing taxicab ordinance which

would have removed the limit on the number of permits and left the determination of rates entirely to the taxicab operators. The members of the taxicab industry present at the meeting expressed their opinions of the recommendations which led the City Council to establish a six member Taxicab Committee. This committee was entirely composed of taxicab and limousine operators and was given two months in which to come up with recommendations on entry, fare setting, general standards, and procedures for dealing with the waiting list for new permits.

The Taxicab Committee met several times before making final recommendations to the City Council. The differences between the recommendations of this committee and those of the City staff are summarized on Figure Two. The Taxicab Committee also recommended that people on the waiting list be asked to pay a refundable \$250 fee in order to get on the list and an additional \$25 per year to stay on the list. The Committee also felt that the number of permits should not be increased until the population of St. Petersburg exceeded 265,000. When that population figure was reached, they proposed that one permit be issued for every 2,000 people. The Council accepted the Taxicab Committee's recommendations and referred them to the City Legal Department for the preparation of a draft ordinance.

Before a draft ordinance was prepared, the St. Petersburg City Council held a public hearing and a workshop to discuss the taxicab regulatory issues with all interested parties. Based on the public hearing, staff recommendations and Taxicab Committee recommendations, the Council decided to increase the number of taxicab permits by ten while leaving the number of limousine permits at the current level of seven. The Council decided that operators would set their own rates,

FIGURE TWO

RECOMMENDATIONS FOR TAXICAB REGULATION REVISION

ST. PETERSBURG, FLORIDA

	<u>City Staff</u>	<u>Taxicab Committee</u>
Number of Permits	No limit. Applications Approved by City Manager.	Reduce number of taxi permits to 150. Allocate seven permits for vehicles for hire. New definition for vehicles for hire.
Rates	Established by operator. Council reserves the right to review rates.	Established by operator. Repeal minimum rate. Rates posted on the inside of taxicabs. Posting rates on vehicles for hire would be voluntary.
Insurance Requirements	Increase to: \$100,000-\$300,000-\$50,000. City named additional insured.	No change for taxicabs (\$10,000-\$20,000-\$5,000). Vehicles for hire increased to \$50,000-\$100,000-\$10,000.
General Standards	Adopt standards similar to those of the Hillsborough County Consolidated Taxicab Authority.	Concurred with staff.

but that a public hearing at which the Council could review any increase in fares would also be required.

After making these fundamental changes in St. Petersburg's taxicab regulations, the City Council delayed taking action on the new taxicab ordinance. In 1976 the Florida Public Service Commission (PSC) deregulated taxis, limousines, trucks, tour buses, and other forms of commercial transportation which operated intrastate. The Florida PSC's deregulation meant that the state would no longer issue permits or control rates for intrastate transportation, and all regulation of such transportation was left to the local governments. This action by the state caused the City Council to consider local deregulation of the taxicab industry. The City staff conducted a survey of jurisdictions, such as Seattle, San Diego, Portland (OR), Indianapolis, and Dade County (FL), which had deregulated. The main objective of this survey was to obtain information on the economic impact of open entry on the taxicab industry and the general public. After the completion of this survey, the City Council reviewed all of the City staff materials, the Taxicab Committee recommendations and the public hearing testimony and finally passed a revised ordinance in April, 1981, which favored the taxicab industry.

3.3 Entry Regulation under the 1981 Ordinance

Even though the St. Petersburg City Council considered open entry, the taxicab industry convinced them to increase the maximum number of permits to only 160. This provision allowed all of those people on the current waiting list to receive permits. The 160 permit limit applies to taxicabs and Type I vehicles for hire. Type I vehicles are those

which seat no more than nine passengers including the driver, or basically non-metered limousines. The 160 permits can be divided in any ratio between taxicabs and Type I vehicles, but the total number cannot exceed 160.

The new ordinance also contains definitions of Type II and Type III vehicles for hire. Type II vehicles seat between ten and 42 passengers, while Type III vehicles seat more than 42 passengers. There is no limit on the number of permits which may be issued for these two vehicle types. If a \$25 transfer fee is paid to the city, any holder of a taxicab or vehicle for hire permit may transfer his/her permit to anyone else who is qualified under the ordinance to hold it.

Before a permit is issued (if the limit on permits has not been reached), the applicant has to fulfill the following requirements:

- (1) pay a licensing fee;
- (2) give the City an insurance bond;
- (3) provide evidence of a commercial location;
- (4) provide evidence that its vehicles will have twenty-four-hour radio-dispatch service; and,
- (5) file a schedule of fares with the City.

3.4 Conclusions

Other than entry restrictions, St. Petersburg has very few taxicab regulations. No vehicle inspections are required and fares are set by the industry.

Overall, three things make St. Petersburg's taxicab regulation unique. First, the extensive decision making process which the St. Petersburg City Council went through in order to revise its ordinance.

The City staff initially surveyed thirteen Florida cities for trends in taxicab regulation and then surveyed cities across the country which had deregulated entry in order to predict possible effects of such a change in St. Petersburg. These surveys were used to develop staff recommendations on taxicab regulation. The Council did not stop with these surveys and also gathered the opinions of members of the local taxicab industry by forming the Taxicab Committee. There were many differences between the City staff and the Taxicab Committee recommendations, and the Council usually adopted the Committee's view. Since it took two years of discussion before the Council adopted an ordinance, it obviously took the development of new taxicab regulations very seriously.

The local press was very critical of the new ordinance and the process which created it. Both local newspapers editorialized that they felt that the Taxicab Committee had had too much influence with the City Council. They supported their position by pointing out that, while the process of entry into (and thus competition within) the taxicab industry was still limited by the number of permits available, the taxicab companies were now free to charge whatever rates they chose. They appeared to advocate open entry and industry-set fares.

Even though media opinion in St. Petersburg opposed the revised ordinance which the City Council approved, the amount of actual taxicab regulation in St. Petersburg is limited. In fact, the only major form of regulation is the limitation on entry into the industry. This is rather striking because most cities that limit the number of taxicab permits also regulate other aspects of their local taxicab industry. The final revised St. Petersburg's ordinance reflects the influence of

the local taxicab industry in the continued limits on entry and possible competition without more rigorous regulation of such related areas as fares and vehicle maintenance.

4.0 Springfield, Ohio

4.1 Introduction

Springfield, Ohio, is located in Clark County only twenty miles northeast of Dayton. According to the 1980 U.S. Census, the city has a population of approximately 72,600 representing an 11.4 percent decline since 1970. Like Dayton and the region as a whole, the Springfield metropolitan area is suffering from a recession of its local economy and high unemployment. A result of this situation and rising gasoline prices, the only cab company, Circle Cab, reduced its fleet from 45 to sixteen.

Springfield was chosen because it deregulated taxicab fares in October, 1981.

4.2. Background and the Ordinance

The way in which transportation services are organized in Springfield is highly unusual. Circle Cab, the parent taxicab company also owns the emergency medical services, bus charters and the local bus company. Springfield has a franchise with the company so that public transportation may be offered to residents. Like public transportation systems, it is subsidized by local and federal monies.

Over the past five years, the taxicab ordinance was changed in order to provide greater flexibility in the fare structure. Prior to deregulation, the company proposed different ways of charging fares based upon shared-ride rates and zone rates. The ordinance was changed to allow for these variations. Circle Cab felt that creativity in fare setting would stimulate business.

Finally, in 1981, the purpose of regulation was questioned by

members of the City Commission. Some members agreed that regulation of fares involved a great amount of time and money expended by City officials. Springfield had recently loosened bus company, cable vision and building trades regulations.

Local economic conditions, which allayed fears of wild fare increases and the trend toward deregulation of some utilities were prime reasons for fare deregulation in Springfield. Fare schedules must be submitted to the City Manager for review.

4.3 Other Issues

The local taxicab company has faced a variety of problems which make its survival difficult. Competition from social service agencies who provide clients with transportation reduces a traditional source of taxicab ridership. Illegal operations conducted both within the City limits and in Clark County enhance the problem of declining patronage. As was mentioned earlier, deregulation would allowed the company a greater measure of independence in setting fares attractive to consumers.

5.0 Dayton, Ohio

5.1 Introduction

Located 45 miles northeast of Cincinnati, Dayton, Ohio, is the Montgomery County seat. Dayton experienced rapid growth in population from the 1830's to the beginning of the Twentieth century as canals and railroads extended westward. The population currently exceeds 200,000; however, in the last decade the city has lost sixteen and a half percent of its population.

Following World War II, the city was served by fourteen taxicab companies. Currently, there are only three companies operating - Cliff Cab, Yellow Cab and Checker, and Miami-Liberty Cab Company - a total of 84 cabs. Over half of the operating taxicabs are owned by Yellow Cab.

Dayton was chosen as a case study city because of its demographic and economic characteristics, and its location. Local characteristics reflect regional trends. Combined with thirteen percent unemployment and a general recession of the local economy, the decline in population has greatly affected the taxicab industry. Indirectly, the environment plays a role in taxicab regulation. In addition to these facts, the outcome of a civil antitrust suit in Columbus, Ohio, may have implications for all cities in the state, including Dayton, which regulate taxicabs by ordinance.

5.2 The Dayton Taxicab Ordinance

5.21 Entry

According to the current ordinance, Dayton regulates both entry and fares. In order to increase the number of taxicabs allowed to operate, the Taxicab Review Board, consisting of the Directors of the Police,

Finance and Law Departments, must declare that the public convenience and necessity requires the issuance of additional operator's licenses. The Review Board holds public hearings for this purpose on three specified dates. As in many cities, the process of implementing the public convenience and necessity clause remains ambiguous. Dayton's Review Board attempts to review company operating data to determine if the City requires more taxicab service.

In the past six years, there have been only two requests made to the Board for the issuance of new licenses. Both requests originated from the same person who wished to provide increased service to minority sections of the city.

Although the convenience and necessity clause is still a provision of the Dayton ordinance, a declining market for taxicabs has made the clause ineffective. As a result, the Board's major duty is to hear appeals of violations. The utility of the clause is further questioned by the Columbus antitrust suit. A variety of antitrust suits, one of the most important being Community Communications v. the City of Boulder, are challenging the legality of a City's limiting the number of taxicabs allowed to enter the market. According to the Supreme Court decision, municipalities are not exempt from federal antitrust laws except under specified conditions. Among other things, the State of Ohio asserts that a number of taxicab companies have restrained competition in the market violating federal and state antitrust laws.

5.22 Fare Setting

Dayton's ordinance specifies the maximum fare that may be charged by a taxicab. Approximately three years ago, new rate proposals were

heard by the Board of Review every three or four months. Rates escalated in response to the oil embargo which raised fuel costs and the general pressures of inflation. The last fare increases occurred in 1981.

5.23 Ordinance Revision

Modifications of the ordinance are rare and relatively minor. Besides the change in the rate schedule, Dayton first allowed taxi companies in 1977. According to the terms of the lease, the lessee received fuel, central dispatching and other services from the company in return for his or her payments. Drivers are contractors rather than company employees. In addition, the City hopes to raise the licensing fee charged to operators in order to make the Police Department's Taxicab Enforcement Division and Taxicab Bureau financially self-supporting.

5.3 Current Regulatory Issues

5.31 Entry

Some City officials favor deregulation of fares and entry. A set of enforceable laws aimed at specific problem areas could replace the existing ordinance, licensing and other administrative procedures. Such a method of control is less time consuming for the City and could decrease the burden on the public purse. Recently, a number of licensing programs have been abolished in Dayton.

Others favor deregulation in terms of numbers of vehicles allowed, but with strong controls attached. Controls would include more stringent driver requirements and a higher level of vehicle maintenance and inspection. Details of business operations would not concern the

city unless it affects the safety of citizens. While there is not complete agreement on entry deregulation, all are concerned about maintaining and improving upon taxicab services.

5.32 Fare Setting

One interviewee asserts that the City could release itself from regulating fares charged as long as a statute states that taxicabs must post the schedule of rates for consumers. Other officials and the industry indicate that fare deregulation should not occur. Standardization of fares keeps out unhealthy competition and protects consumers.

5.33 Other Issues

Existing taxicab companies have fleets that are only a small percentage of their original size. In addition to the decline in population, there are other factors that contribute to the decrease in business. Over a year ago, Dayton purchased a private transit company and turned it into a public agency which serves the City and Montgomery County. Companies claim that the fall in taxicab patronage can be attributed, in part, to transportation service provided by the City.

One of the original Model Cities, Dayton received federal grants for social programs. Dayton continues to operate programs which have a transportation element. Specialized transportation service for the elderly and handicapped and others have displaced some of the demand for conventional taxicab service. Traditionally, taxicabs have served the disadvantaged.

City-operated limousine service and parking garages cut into taxi business. A rise in operating costs hurt all transportation providers

including taxicabs. Finally, illegal gypsy cab operators take an unknown number of customers from legitimate businesses.

6.0 Madison, Wisconsin

6.1 Introduction

Madison is the state capital of Wisconsin and the location of the main campus of the University of Wisconsin. The City has a population of about 170,000, which includes 40,000 university students. Basically, Madison is a government and university community with some industry. Currently, the City authorizes four taxicab and limousine companies which operated a total of 81 vehicles in December, 1982. The total number of licensed vehicles was increased to 86 in March, 1983, but no new companies were given certificates of convenience and necessity.

The decision to study Madison, Wisconsin, taxicab regulation was based on the fact that the City chose to revise its method of regulatory entry into the taxicab industry and deregulate fares. In some ways, Madison moved from a tightly regulated taxicab industry to rather loose controls while still maintaining a fairly secure hold on the industry's day-to-day activities.

6.2 Recent Regulatory Changes

The City of Madison has undergone two sets of regulatory revisions to its taxicab ordinance during the past five years. The first change in 1979 affected entry regulations while the second, in 1982, affected fare regulation.

In 1978, the local taxicab union struck against one of the major taxicab companies in Madison. The strike eventually forced this company to go out of business which left the City with a shortage of cabs. Existing companies and one new company pressured the Common Council to allow them to add more cabs.

The issue of how to solve the shortage of cabs was a difficult one for the Common Council. Some members viewed several existing cab companies as marginal and did not want them to expand. Since Madison is a strong union town, there was concern that changes in entry regulation for the taxicab industry would be seen by the union as strikebreaking. After the City suffered from the shortage of cabs for several months, the Common Council voted to allow cab companies more flexibility in meeting demand for their services by allowing additional cab permits to be issued.

Before the strike permits had been issued based on a population ratio of one cab per 1,000 residents of Madison. This requirement was ten years old in 1979 and was never truly utilized and, in some ways, the taxicab drivers strike forced a change in entry regulations which was already needed. Now, a taxicab company, which has received a certificate of convenience and necessity from the City, can add cabs to its fleet as it requires. The number of taxicabs is no longer monitored by the City. A more indepth view of this new entry policy will be described later in this case study.

The drivers strike and the new entry regulations did have one unexpected result. A new taxicab company - Union Cab Company - was started in the Fall of 1979 by former drivers of the then defunct company which had been forced out of business by the strike. This company has grown from just a few cabs to 29 taxicabs and four limousines in 1983, and has become the largest company in Madison.

The second set of changes in Madison's taxicab ordinance came in 1982 when the provisions for fare setting were changed. Before 1982, the City had four types of fares: meter, zone, limousine, and flat rate.

Now the fare is set at the public hearings when a series of questions are asked of the license applicant to determine the nature of his new service. A list of these questions appears in Figure Three. The old ordinance specified an exact price for each type of fare. Both before and after the ordinance fare structure was changed, Madison basically had two types of taxicab service: zone shared-ride and exclusive meter service. Badger Cab supplies shared-ride service based on zones within the City limits. They offer no exclusive service to passengers. Union Cab Company and one other company offer the normal exclusive meter service to all passengers. The flat rate is offered by only one small company (one driver).

The pressure to revise taxicab fare setting began in 1981 and came from two sources in the Madison community. In the late Seventies, as gas prices drastically increased, cab companies asked the Common Council every year for a fare increase. The issue of fare rates got progressively messier as different companies wanted different increases. The fare increases were taking more and more of the Council's time and the cab companies were getting frustrated with the process. The average fare increase request was taking up to six months to be processed and companies were losing money.

The pressure from the cab companies was supplemented by the Regulatory Review Task Force. This Task Force was started by the Mayor of Madison and was asked to inventory all existing regulations enforced by City staff, to recommend elimination of unnecessary or duplicate regulations, and to propose ways to strengthen necessary regulations through streamlining the ordinances and enforcement procedure.

In June of 1981, the Paratransit Coordinator presented a report to

FIGURE THREE

QUESTIONS FOR NEW TAXICAB LICENSE APPLICANTS

Madison, Wisconsin

February 22, 1983

1. Please describe your experience in the taxi or limousine business. What is your experience in managing and owning such a business?
2. Please describe how you will hire and train new drivers.
3. Please discuss your vehicle maintenance program. What vehicles will you use (if none were listed on your application)?
4. Please describe the procedures you will use in supervising drivers.
5. How will you handle customers' and employees' complaints?
6. Please describe the relationship between you and your drivers. Will they work on leases, or be on a payroll?
7. What changes, if any, do you intend to make as a result of State deregulation of limousines?
8. What rates of fare do you intend to use?
9. How do you intend to provide 24-hour service (especially if drivers are on a lease basis, and thus not under the same control as if they were on a payroll)?
10. How will you finance your operation? Please include a discussion of how you will finance your vehicle purchase and working capital and a budget for the first year of operation. Please describe how you will maintain books adequate to meet the City's reporting requirements.

the Regulatory Review Task Force describing recent changes in the taxicab ordinance and stating staff recommendations for future changes. This report mentioned a public hearing held by the Transportation Commission in 1980 which discussed changes in the existing taxicab structure. Citizens and members of the taxicab industry expressed their opinions on four suggestions for Madison's rate structure including: a uniform rate, deregulation of rates by the City, eliminating some of the fare options, and continuing the existing multiple rate system. There was significant opposition to a uniform rate and little support for deregulation. Most speakers supported eliminating some of the types of fares or continuing with the present system. Since no consensus was reached, the Commission suggested that the industry form an association to discuss these issues.

After discussing the recent changes in the taxicab ordinance, the report to the Regulatory Review Task Force recommended possible changes to the ordinance. Most of the suggested changes were administrative or increases in permit fees, but four significant changes to the rates section were recommended:

- (1) Eliminate the flat rate type of operation from the ordinance;
- (2) Simply hourly rates;
- (3) Allow charges for footlockers and trunks; and
- (4) Remove dollar limits on rates that are currently expressed in the ordinance.

All four of these fare structure changes recommended by the staff to the Regulatory Review Task Force were passed by the Madison Transportation Commission and the City Council in 1982. The manager of Union Cab Company also submitted a list of suggested changes to the ordinance.

Most of his suggestions were reflected in the staff recommendations. In fact the two largest of the four companies were agreeable to the fare changes, while one of the smaller companies opposed removing the set fare on the grounds that it would increase the potential for overcharging.

6.3 Entry Regulations

The new entry regulation is basically a franchise system. Once a company or individual receives a certificate of public convenience and necessity from the Common Council, the certificate holder may change the number of vehicles he has in service during the license year without prior approval from the Transportation Commission or the Common Council. In fact all a company owner must do to change the number of his vehicles is to list the vehicle with the City Clerk, pay the permit fee, and certify that the additional vehicle will be operated in compliance with the ordinance of the City of Madison. This means that a certificate holder can easily increase his service levels, while a new company might have a difficult time entering the industry.

The application for the initial certificate of public convenience and necessity is fairly rigorous. The potential licensee must make a written application to the City Clerk stating the name and address of the applicant, the number and type of vehicles to be operated, the method of charging and a schedule of rates to be adopted, and any other information the Transportation Commission may require. Also applications are only accepted semi-annually on or before July 31st or January 31st.

After the applications are accepted, the Transportation Commission

holds public hearings within 30 days. The Commission will make whatever investigations it considers necessary and use the standards as approved to determine whether a company should receive a license to operate. At public hearings, the Transportation Commission recommends a decision on the public convenience and necessity of granting licenses to the Common Council. Usually the Common Council passes whatever the Commission has decided.

The operating license for a company also requires twenty-four-hour dispatch service. The dispatching can be done cooperatively with other licensees or independently, but it must offer adequate twenty-four-hour service throughout the city of Madison with a twenty-four-hour phone number.

The renewal process for existing companies is basically the same as the initial licensing procedure except the past year's operations including the number of passengers carried and the number of citizen complaints are reviewed by the Commission at the public hearing. License applicants up for renewal are asked to answer a series of questions about their taxicab operation at the public hearing. Overall, the license renewal process is fairly routine because the city feels that once a company is licensed the burden of proof for revoking a license is on the city. In many ways, the licensing procedure focuses on keeping bad companies out of the city and encourages existing companies to give good service.

Since Union Cab Company was licensed in 1979, no new companies have been given certificates to operate because there has been little demand for additional services.

6.4 Fare Regulation

In 1982, changes were made in the Madison taxicab fare regulations based on the recommendations of the Regulatory Review Task Forces. The most significant change in the fare structure was the removal of the dollar limits on rates currently in the ordinance. Instead of specifying the actual rates, the ordinance now only explains how meter and zone fares must be charged.

For example, the ordinance explains the use of meter fares in the following way:

(a) Meter Taxicab Rates.

1. Mileage and Waiting Charge. For conveying one (1) passenger on a mileage basis the scheduled rate for a unit of distance and the scheduled rate for each additional unit of distance. No charge to be made for additional passengers going to the same place. A waiting charge may be added when the vehicle is not in motion, the time consumed by unavoidable delays at street intersections and railroad crossings, and the time consumed while standing at the direction of the passenger. The charge allowed is specified in Section 11.06(8)(a)2. (Am. by Ord. 7768, 7-16-82)
2. Waiting Charge. On vehicles operating on the mileage rate, a waiting charge for each unit of time may be charged after the passenger has entered the taxi or requested the operator to wait. (Am. by Ord. 7768, 7-16-82)

This means that the meter cab companies charge any rate for any unit of distance (most easily a portion of a mile) as long as the rate and unit of distance are posted on the exterior and in the interior of the taxi vehicle. The rates also must be filed with the City Clerk. The first passenger in a metered cab can request exclusive service, but shared-riding is allowed with the permission of the first passenger.

The ordinance description of zone fares is more detailed because the ordinance also includes the description of each zone in Madison.

Zone rates are explained in the following manner:

(b) Zone Taxicab Rates.

1. The base rate of fare per passenger shall be the scheduled rate for the first passenger from any point to any other point within one (1) zone and the scheduled rate for the first passenger when crossing from one zone into another zone. The charge for additional passengers starting at the same point and going to the same destination shall be the scheduled rate for each additional passenger regardless of the zones traversed. Beyond and starting from the last designated zone lines on the zone map to the present or future City limits, which for the purposes of this ordinance shall be designated the "outer zone", the charge shall be the scheduled rate per unit of distance or fraction thereof.
(Am. by the Ord. 7768, 7-16-82)
2. A waiting charge of not to exceed the scheduled rate for each unit of time may be charged after the passenger has entered the taxi or requested the operator to wait.
(Am. by Ord. 7768, 7-16-82)
3. For trips originating in the outer zone and ending in the same outer zone:
 - a. First passenger - initial scheduled zone rate established in paragraph one above, plus the additional scheduled rate established in paragraph one above for each unit of distance or fraction thereof established in paragraph one above, starting from point of origin.
 - b. The scheduled rate established in paragraph one above for each additional passenger to the same destination.
(Am. by Ord. 7768, 7-16-82)
4. If trip originates in outer zone and ends in zoned area the above rates would apply, mileage beginning at point of origin and ending at the first zone line crossed; thereafter and including the first zone line so crossed:

The scheduled rate established in paragraph one above for the first passenger, additional when crossing from one zone into another.
(Am. by Ord. 7768, 7-16-82)
5. If an out-of-town trip originates within a zone, the regular zone fare to the last zone line applies.

Currently, there is only one zone fare company in Madison with 31 cabs and the zones established by this company are the ones described in the ordinance. This company is also required to post its rates and explain the zones within the city.

Overall, taxicab companies are responsible for their own rates even though they must file them with the Madison City Clerk. It is unlawful for a company to charge any rates other than the ones on file. Also a company must file a new rate schedule with the Clerk 28 days before the new rates can be effective. A taxicab company can only change his rates every six months. Both the 28 day and six month requirements ensure that taxicab companies will not overcharge the public in emergencies such as a transit strike.

City officials are satisfied with the new fare system because they no longer have to hold numerous rate hearings every time the cab companies request an increase. All the taxicab companies like the new rate system because they feel the city is allowing them to determine what is best for the industry at the right time. There have been no significant fare increases since the 1982 ordinance change because gas prices have decreased and the taxicab market in Madison has a tremendous amount of competition from public transportation.

6.5 Administrative Procedures

Ultimately, the enforcement of Madison's Paratransit Ordinance and future policy decisions are made by the City's Common Council, but the majority of the decision-making is done by the Director of Transportation and the Transportation Commission. The Common Council can and will make final decisions regarding the paratransit ordinance if

an appeal is made to them.

The Transportation Commission is a major citizen committee for the city of Madison with members appointed by the Common Council and Mayor. The Commission hears and reviews all transportation related matters for the city including the regulation of taxicabs. In fact, the Transportation Commission usually makes recommendations to the City Council and the Council adopts them with little discussion.

On a day-to-day level, the Director of Transportation handles problems deriving from company owner or driver misconduct. He can suspend or revoke vehicle permits or operating licenses as he sees fit, but a suspension or revocation can be appealed to the Transportation Commission. The Director's decision can be appealed up to ten days after its occurrence. A subcommittee from the Commission is formed to hear evidence on each case. After the hearing the subcommittee makes a decision by majority vote either confirming, modifying or reversing the Director's decision. An appeal could be made to the Common Council, but no decision has ever gone that far.

7.0 Des Plaines, Illinois

7.1 Introduction

Des Plaines, Illinois, is a suburb of Chicago with a population around 60,000. O'Hare Airport borders the city on one side, and the Chicago Northwestern Commuter line cuts through the middle of town. Even though Des Plaines is a major suburb of Chicago, it has its own industrial and commercial base. In fact, many Des Plaines residents work in their city rather than commuting to Chicago.

Currently, there is only one taxicab company in Des Plaines, and this company, the Community Cab Company, is a family-owned business which holds all 21 of the city's taxicab vehicle permits. This cab company also serves many of the bordering communities, including Mt. Prospect, Rosemont, and Park Ridge, but the Des Plaines area is its major focus.

Des Plaines was chosen as a case study city for several reasons. The city deregulated fares in 1981 after participating in a regional taxicab study sponsored by the Chicago Area Transportation Study (CATS).

7.2 History of Taxicab Regulation

Interest in taxicab regulatory changes was sparked by Des Plaines' participation in the CATS Regional Taxicab Study. This study began in 1979 with a staff technical report which considered: (1) the role of taxicabs in urban transportation; (2) the structure of the local taxicab industry; (3) taxicab regulations in northeastern Illinois; (4) the financial condition of the area taxicab industry; (5) local taxicab problems and issues; and (6) some options for changes in taxicab

regulations. Some of the problems highlighted in this initial report were conflicting regulations, varying levels of enforcement, fare regulation, and similar problems. The study also surveyed all Chicago area suburbs to discover the extent and level of taxicab regulations in these communities.

During the next two years CATS completed A Suburban Taxi Industry Analysis and developed a model Suburban Taxicab Ordinance for the Chicago area suburbs. After the CATS study was completed, the Northwest Municipal Conference received a grant to focus on reviewing mechanisms for possible joint subregional regulation, and the coordination of taxicab companies in the north and northwest suburban municipalities of Cook County.

The Conference established several goals and objectives for its Taxicab/Paratransit Study. Some of these goals were: to review the existing service levels, ordinances, regulations, and fare structures of all cities participating in the study; to coordinate regulatory efforts; and to review existing administrative procedures. In order to achieve these goals, the Conference participants devised the following objectives:

- (1) Develop a model ordinance and regulations for the Conference using the CATS model ordinance as a guide;
- (2) Define service areas and establish them as cooperative entities for regulatory purposes;
- (3) Designate local agencies to act as service area administrators; and,
- (4) Review the possibilities for fare deregulation.

The licensing officer from Des Plaines participated in the first few meetings of the Conference, but discontinued his participation because he felt none of the communities taking part in the study would be willing to give up their municipal taxicab regulation authority in order to formulate regional taxicab regulations and agencies. His impression turned out to be correct and none of the cities in the region have established a regional taxicab regulation ordinance or even deregulated fares as Des Plaines has done.

Even though Des Plaines' participation in the CATS taxicab study and in the Northwest Municipal Conference was limited, the CATS reports on the taxicab industry proved to the Des Plaines aldermen that the taxicab played a vital role in the community's transportation system. The aldermen realized that the taxicab industry was different from other businesses which needed regulation.

The importance of taxicabs to a community was also brought forcefully to their attention by events in a neighboring community. Park Ridge was not satisfied with its taxicab company and finally forced it out of business by refusing to grant fare increases. After the company left the community, Park Ridge officials received numerous complaints from residents who required taxicabs to meet their transportation needs. For six to nine months the city searched for a new company to come into the city. Finally, they had to offer a taxicab company a subsidy to get them to operate in Park Ridge. The Park Ridge experience also encouraged the Des Plaines' aldermen to work together with the local Community Cab Company.

Since fuel prices had been going up rapidly, the cab company was making frequent requests for fare increases. Therefore, the fare

regulation process became an increasing burden for both the city and the local cab company. Exposure to the idea of industry fare setting from the Conference and the experience of Park Ridge persuaded the Des Plaines' aldermen to allow the Community Cab Company to set its own fares. This policy of industry fare setting is still in effect now two years later.

7.3 Fare Regulation versus Deregulation

Before Des Plaines deregulated its fare structure for taxicabs, the city's Board of Aldermen determined the exact fares to be charged by the taxicab company. In order to get the fare structure revised or increased, the company owners had to prove that their operating expenses were 90 percent or more of the gross meter fare revenue. This proof was based on financial reports given to the city and the city had access to all of the company's books and operating records. After the cab company files a fare change application, the Board of Aldermen had to hold hearings to determine whether a fare revision was necessary and reasonable. Sometimes this process took many months, and the cab company would need a larger increase by the time the original fare increase request was granted.

The Board of Aldermen took fare regulation quite seriously, but often the members were not knowledgeable about the taxicab industry. Much time was spent educating them so that they could make a decision. When new aldermen were elected, the education process was started over and more time was spent going over the same information.

Now Community Cab Company has the right to adjust its fares. The company must give the city comptroller an updated schedule of fare

changes 30 days prior to any fare changes. The new fare schedule must also be published in a local newspaper before going into effect.

The deregulation policy in Des Plaines has been in effect for two years and, during this period, Community Cab Company has not raised its fares. The reduction in gas prices has contributed to the continued low fares and the company realizes that it will alienate its best customers if fares are increased without good reason. The cab company also knows that the city will return to fare regulation if the Board of Aldermen feel citizens are being overcharged. Both the chief licensing officer and the owners of Community Cab feel that fare deregulation has been successful. The city no longer has to deal constantly with fare increase requests and the cab company has the right to make reasonable changes in its fares without a lengthy review by the city government.

7.4 Entry Regulation

Currently, the city of Des Plaines uses convenience and necessity to determine entry into its local taxicab industry. The Board of Aldermen use the following criteria when considering applications for entry:

- (1) The public demand;
- (2) The number, kind, type of equipment, and rates proposed by a company;
- (3) Increased traffic congestion and available parking space; and,
- (4) The safe use of the streets and other such relevant facts as the Board may deem advisable or necessary.

If the Board believes a person should operate taxicabs in Des Plaines, a certificate of convenience and necessity is issued and the person is given vehicle permits.

The ordinance also has a clause which states that the number of vehicle licenses for Des Plaines is 21. Community Cab Company currently holds all of these vehicle licenses. Since Des Plaines does have a set number of taxicab permits, it would appear that entry into the local taxicab industry would be difficult. According to the licensing officer, the number of taxicab permits could easily be changed by the Board of Aldermen. In fact, a second company, American Cab, has applied for seven vehicle permits in Des Plaines. The licensing officer felt that these permits would be approved by the Board in the near future.

Interestingly enough, Community Cab is not contesting the American Cab application for permits. Community Cab competes with this company in other surrounding cities and it believes that it gives better service at a lower price. Since 70 to 80 percent of the Community Cab business is repeat volume business within Des Plaines, it believes that all of its customers will continue to patronize its cabs.

7.5 Conclusions

Even though Des Plaines has only made one change in its ordinance, the city officials and the cab company are very aware of the important role of the taxicab in meeting the transportation needs of the community. There is a desire in Des Plaines to use regulation as a way to help the taxicab industry rather than as a hindrance to the efficient operation of the business.

8.0 Charlotte, North Carolina

8.1 Introduction

Charlotte is located in the Piedmont section of North Carolina and has a population of over 325,000. The city is the largest municipality in the state and serves as a financial and transportation center for both North and South Carolina. Currently, there are five taxicab companies with 178 vehicles serving Charlotte. Two of these companies, Yellow Cab and Charlotte-Metrolina Cab, hold 126 permits, while the other three companies share the remaining 52.

Major revisions in the taxicab ordinance led this project to use Charlotte as a case study city. Charlotte revised its ordinance extensively in 1982 by changing both entry and fare regulations and making significant innovations in administrative procedures. Descriptions of innovative services were also included in the revised ordinance to encourage the local taxicab ordinance to expand its service. The process used by the city to finalize the revisions in its ordinance is also of interest.

This case study is based on interviews with the author of the revised ordinance, the current Taxicab Inspector and his predecessor, and the current chairperson of the Taxicab Review Board. Several members of the local taxicab industry were also interviewed. Also, the revised and original ordinances were compared. This case study begins with a brief discussion of Charlotte's regulatory revision and continues with an in-depth look at the entry, fare, and administrative policies contained in Charlotte's new taxicab ordinance.

8.2 The Process of Regulatory Revision

The Charlotte Transit System bus strike in 1978 pointed out the inadequacy of Charlotte's taxicab ordinance. The strike showed that the existing taxicab ordinance was antiquated, cumbersome, and did not enforce the quality of service needed by the residents of Charlotte. Also Charlotte was rapidly outgrowing the existing ordinance as the city became a major metropolitan area.

The City staff saw major problems with the existing ordinance in five areas: lack of innovation, modernization, legal requirements, unnecessary restrictions, and administrative procedures. With these problems in mind, the staff made a series of changes in entry and fare regulations and shifted the burden of regulation from the City Council to the administrative levels of City government.

Overall, the revision process was a cooperative effort among the City departments of Transportation, Police, and Legal Affairs. But, the City staff did not keep discussion of regulatory revision to themselves. A series of meetings were held with both taxicab company owners and drivers. The purpose of these meetings was to maximize the participation of all parties interested in the regulation of Charlotte's taxicab industry. This insured that all of the company owners and drivers played a role in the formulation of the new ordinance.

These discussions between City staff and local taxicab industry led to a series of compromises among the interested parties: City staff, company owners, and taxicab drivers. For example, drivers wanted to eliminate the rule requiring twenty-four-hour radio dispatched service so that independent owner-operators could operate more easily. The City staff rejected this idea just as they rejected the suggestion of company

owners that the number of operating permits be limited to 190. Many of the other requests from drivers and company owners, such as allowing cruising and an industry controlled fare structure, however, were incorporated into the new ordinance. Overall, the City staff attempted to balance the needs of taxicab company owners and drivers with the public interest.

The revision process was also affected by a survey of all North Carolina cities with taxicabs to see how they were handling taxicab regulation. This survey found that, with the exception of Fayetteville, most North Carolina cities had made few changes in their ordinances.

The increasing interest in deregulation of the entire transportation industry at all levels of government also influenced Charlotte's decision making process. Cities, such as Seattle and San Diego, which had deregulated their taxicab ordinance were contacted to get their impression of the effects of deregulation.

When the revised taxicab ordinance was passed by the Charlotte City Council in 1982, the new ordinance appeared to have solved many of the five problems areas which the City staff had originally noted. The new ordinance made many basic changes including the deregulation of taxicab fares, the switch of entry control from the City Council to the City Manager, the streamlining of other administrative procedures, and the creation of the Taxicab Review Board. Since the revised ordinance was passed in 1982, no other changes in the taxicab ordinance have been made and all participants in the taxicab regulatory process are generally satisfied with the new ordinance.

8.3 Entry Regulation

Before the 1982 ordinance revision, taxicab entry in Charlotte was controlled by certificates of convenience and necessity. These were granted after a hearing before the City Council. In order to make a decision on the issuance of a certificate, the City Council had to consider the following items: the public demand for additional service, the adequacy of existing mass transportation and taxicab service, the financial responsibility and experience of the applicant, the ability of the applicant to earn a fair return on his capital investment, the type of proposed equipment, the effect which such additional taxicab service might have on traffic congestion and parking, and whether additional taxicab service would result in a greater hazard to the public. This process meant that the Charlotte City Council was always having to deal with taxicab issues.

When the ordinance was revised the City Attorney felt the concept of "public convenience and necessity" could not be adequately defined and that such language was antiquated. Other City staff felt there was no method available to determine objectively the number of taxicabs needed in Charlotte or any other city. Both of these problems led to the current entry regulations.

The certificate of convenience and necessity has been replaced by an operating permit which is issued to a vehicle rather than an individual or a company. If there is no vehicle, then an operating permit becomes void. Basically the rights, requirements, and responsibilities which are attached to the operating permit remain with the holder of the vehicle when it operates in the city of Charlotte. Another important aspect of the operating permit is the condition that

the permit will remain unaffected by any agreement or contractual arrangement between the operating permit holder and driver. This means that an individual owner-operator can own his vehicle and operating permit and still work for a company. If the permit holder chooses to leave one company for another, his vehicle and operating permit can easily be transferred with the approval of the Taxicab Inspector.

In order to qualify for an operating permit, an applicant must fill out the correct application form and file it with the Taxicab Inspector. A copy of this application appears on Figure Four. The major requirements for receiving an operating permit are a depot on private property, centralized radio-dispatch service, adequate supervision of drivers, evidence that telephone numbers for the taxicab company will be listed in the next Charlotte telephone directory issued, and the uniform color, style and marking of all company vehicles. When an applicant can fulfill these requirements, then an operating permit will be issued.

The entire process detailed above is done by the Taxicab Inspector or any individual the City Manager may designate. The City Council is no longer involved in the day-to-day issuance of operating permits, but the Council has not totally relinquished control over the number of permits that may be issued by the city. By resolution, the Council may limit the total number of operating permits to be granted. No limit has been imposed by the Council since the revised ordinance was enacted in 1982. Until a limit is imposed the Taxicab Inspector or the City Manager is responsible for determining whether applicants are eligible for an operating permit.

The number of taxicabs with Charlotte operating permits has remained basically unchanged since the ordinance was revised in 1982.

FIGURE FOUR

CITY OF CHARLOTTE, NORTH CAROLINA APPLICATION FOR OPERATING PERMIT FOR TAXICABS

I, _____, owner of the taxicab for which the taxicab operating permit is sought, and I, _____, provider of supporting services for said taxicab, do hereby make application, as provided for in Chapter 19 of the code of the City of Charlotte, for a taxicab operating permit as described below:

To be completed by vehicle Owner:

Name: _____

Address: _____

City _____ State _____ Zip _____

Telephone (daytime) _____

Organization: ___ Individual
 ___ Proprietorship
 ___ Partnership
 ___ Corporation
 ___ Association

Note: Partnerships must attach Limited Partnership Certificate or Partnership Agreement;
Corporations must attach Articles of Incorporation;
Associations must attach Bylaws.

Make and type of vehicle _____

Year of make _____

Capacity (Seating) _____

VIN _____

Have you, or your officers, directors or supervising employees ever been convicted of a felony?

___ Yes ___ No

If yes, where and when _____

Insurance coverage:

Company: _____

Amount of Liability: _____

Property Damage _____

Personal Injury _____

Who pays for insurance?

___ Applicant

___ Service Provider

Note: Applicant must submit copy of insurance policy with application

To be completed by service provider:

Name: _____

Address: _____

City _____ State _____ Zip _____

Telephone (daytime) _____

Organization: ___ Individual
 ___ Proprietorship
 ___ Partnership
 ___ Corporation
 ___ Association

Color Scheme _____

Address of depot _____

Have you, or your officers, directors or supervising employees ever been convicted of a felony?

___ Yes ___ No

If yes, where and when _____

Will you supervise and be responsible for driver of applicant's vehicle?

___ Yes ___ No

Do you have 24-hour radio dispatch service?

___ Yes ___ No

Telephone number of dispatch service _____

Is it listed in telephone directory?

___ Yes ___ No

If no, when will it be? _____

Driver Uniform Color: _____

Style: _____

Markings: _____

FIGURE FOUR (cont,)

We, the below signed, have reviewed the Taxicab Ordinance of the Charlotte City Code and agree to abide by its provisions, that any false or misleading information submitted on this application shall be grounds for denial of the Operating Permit. We acknowledge that any change in the information provided herein requires that the Operating Permit issued to be transferred or reissued.

Owner

Service Provider

State of North Carolina, County of Mecklenburg

On this _____ day of _____, 19 __, personally appeared before me the said named _____ and _____ to me to be the applicants and who executed the foregoing instrument, being duly sworn by me, made oath that the statements in the Application are true.

My Commission expires _____, 19 ____.

Signature of
Notary Public _____
(Official Seal)

To be filled out by the Inspector:

Date submitted: _____ Time: _____
Court record checked: Owner _____ Service _____

Insurance policy submitted _____ Articles/Bylaws _____

Date Vehicle inspected: _____

Date application recommended for approval _____ rejection _____
Reason for rejection _____

Date application approved: _____

Signature of authorized official: _____

Date Operating Permit and Medallion placed in vehicle: _____

Vehicle Number: _____
Fee collected: _____

Before the revision four companies held 190 certificates although there were not always 190 vehicles operating in the city. Now five companies hold permits for the 178 vehicles which are being operated. The fifth company, Queen City Cab, started in March, 1982, with five vehicles and has now expanded to fourteen - seven cabs are company-owned and seven are privately owned. Queen City Cab is also the only minority-owned taxicab business in Charlotte. Yellow Cab Company, one of the two largest companies, has just added two permits under the administrative entry system.

The existing companies predicted that Charlotte's taxicab industry would undergo tremendous growth after the entry requirements were revised, but this has not happened. The industry has stayed much the same except for the addition of one small company. This lack of change in the number of taxicabs in Charlotte is probably related to the fairly strict service standards set up by the city. These standards are, however, not intended to be too prohibitive and permit independent driver co-ops and the use of answering services and beepers. Affiliation with a company is not required but so far no permit holder has taken advantage of this option.

8.4 Fare Regulation

Until 1982, all taxicab fares were set by the City Council. Everytime the taxicab industry wanted a fare increase, the City Council would have to hold a series of hearings before a decision could be made. This process often took more than a year. As fuel costs increased during the Seventies, this cumbersome decision process led to company losses. The City staff felt that companies knew best what was needed to

have a fair return on equity and the ability to pay drivers a living wage. Also, they believed setting fares did not encourage companies to be more cost-effective and thus profitable. Therefore, the large amount of City Council time, involved in fare decisions and the desire to let taxicab companies set their own rates led to the deregulation of fares.

Now all applicants and current permit holders must file all rates and charges they use with the Taxicab Inspector. The rates must be uniform for all taxicab vehicles of the same color combination with any taxicab company. There is no restriction on the actual amounts charged by the driver provided that the charges do not exceed the maximum on file.

Even though the taxicab industry can determine the actual amount charged, the city taxicab ordinance does define certain parameters for the fare structure. Specific parameters cover fees for waiting time, drop charges, additional distance, additional passengers, additional baggage, late night service, and Airport service. The ordinance also permits drivers to offer discounts to customers or to allow customers to bargain with the driver for a lower fare. The city hoped that this item would financially benefit passengers and encourage competition within the taxicab industry.

Rates can be changed by filing a new rate schedule with the Taxicab Inspector at least fifteen days prior to the effective date of the rate increase. Also, the new rates must be posted on both the exterior and the interior of each vehicle. If the Taxicab Inspector has any question about a fare change, he can, after consultation with the chairman of the Taxicab Review Board, defer the effective date of a requested rate change for 45 days. This period allows for time to determine if Council

action is necessary. Therefore, even though the taxicab industry can set its own rates, the City Council can return to setting fares if the industry seems to be taking unfair advantage of this power.

8.5 Administrative Procedures

The administrative procedures in Charlotte's revised taxicab ordinance are notable for three features: the administrative rather than political handling of fare and entry regulations, the important role of the Taxicab Inspector, and the development of the Taxicab Review Board. The administrative handling of fare and entry regulation have already been discussed, but it is important to note that Charlotte has moved these regulations from the political arena into the hands of administrators. This means that the City Council which had normally made entry and fare decisions have relinquished their control over these regulations unless their input is needed in the future.

The fact that the major decision making for taxicab regulation is done administratively rather than politically highlights the importance of Taxicab Inspector. The Taxicab Inspector, through the City Manager, is authorized to inspect taxicab vehicles, license drivers, and protect the safety of the public in connection with the operation of taxicabs. These duties follow the usual enforcement activities of most taxicab inspectors working in other cities. Additional duties given to the Charlotte Taxicab Inspector by the City Manager include responsibility for issuing operating permits and reviewing fare increases. These responsibilities are not usually part of an inspector's enforcement responsibilities. This combination of enforcement and other powers gives the Charlotte Taxicab Inspector a very important role in the

regulation of taxicabs in the city. This combination also emphasizes the need for a strong Taxicab Inspector because without his/her strength the provisions of the taxicab ordinance might not be fulfilled.

The tremendous power given to the Taxicab Inspector was tempered by the development of the Taxicab Review Board. In fact the need for a judicial board in Charlotte was so great that the Taxicab Review portion of the ordinance was passed soon after the initial rewriting of the taxicab ordinance was begun in 1978.

The Taxicab Review Board, as established by the taxicab ordinance, is composed of five members - two appointed by the City Council, two by the City Manager, and one by the Mayor. One of the City Council appointees must be an operating permit holder or his/her designee. The Mayor's appointee must be an individual owner-operator. All of the members serve without compensation for a term of three years.

The duties and responsibilities of the Board are itemized in the ordinance and they include appeals for the following reasons:

1. suspension or revocations of Operating Permits under Section 19-20;
 2. decisions of the Inspector not to grant or renew Driver's Permits under Section 19-30;
 3. decisions of the Inspector to revoke Driver's Permits under Section 19-33;
 4. decisions of the Inspector to suspend Driver's Permits under Section 19-34;
 5. determinations of the Inspector under Section 19-35;
- and,

6. prohibitions by the Airport Manager or Inspector
under Section 19-75 and 77.

Basically, the Review Board gives a driver or a company owner due process if the Taxicab Inspector has made a decision they believe is unfair.

In case of a suspension or revocation of a driver's permit by the Taxicab Inspector, an individual has ten days in which to request a hearing before the Board. Appeals can only be based on the Inspector's findings of fact and application of the law. After an appeal has been filed, the chairman of the Taxicab Review Board schedules a hearing. The decision of the Inspector is not enforced until the Review Board has heard and ruled on the appeal. The procedure for an operating permit appeal is similar except that the notice of appeal must include reasons why the suspension or revocation was improperly imposed.

Once a hearing has been scheduled, the Taxicab Review Board has established rules and procedures which are described in the taxicab ordinance which it follows. Figure Five on the following pages is a copy of these rules and procedures. These rule are current except that the membership clause has been amended to include a taxicab driver on the Review Board.

The decision of the Taxicab Review Board can be reviewed if the appellant wishes to have it done. But the appeals process does not go to the City Council or anyone else in City government. The Board proceedings can only be reviewed by the Mecklenburg County Superior Court. The Court, however, will only look at the transcripts of the Review Board's appeal hearing to see if any procedural errors had been made. The Court will not concern itself with the content of the

RULES AND PROCEDURES
FOR
THE TAXICAB REVIEW BOARD
CITY OF CHARLOTTE

I NAME

The name of the organization herein described is the City of Charlotte Taxicab Review Board, hereinafter referred to as the "Board".

II PURPOSE

The purpose of the Board, as set forth in §19-8.1 of the Charlotte City Code, is:

To hear appeals from any decision of the Charlotte Taxicab Inspector relative to taxicab permits, suspensions or revocations.

III MEMBERS

The Board shall be composed of five members: Two appointed by the City Council and three appointed by the City Manager. Of the Manager's appointments, one shall be from the City Manager's office, one from the Personnel Department, and one from the local taxicab industry. All members shall serve without compensation. Terms of office shall be for three (3) years, and no member shall serve more than two (2) consecutive terms. The City Manager shall designate one of the members as Chairperson. In order to effect staggered expiration terms, the initial appointment shall be as follows: One member for a one year term; one member for a two year term, and three members for a three year term. When a vacancy occurs, the appointing body shall appoint a person to serve for the unexpired term of the vacant position.

IV MEETINGS

Meetings shall be held to carry out the administrative business of the Board, to hold appeals hearings, or to render a decision on an appeal. Only administrative meetings are open to the general public, and the Board will give general notice of the time and place of those meetings. Meetings will be called by the Chairperson or at the request of a majority of members. A majority of the members shall constitute a quorum. Any member who fails to attend at least seventy-five percent (75%) of the regular and special meetings held by the committee during any one year period shall be automatically removed from said committee. Vacancies resulting from a member's failure to attend the required number of meetings shall be filled as herein provided.

V APPEALS PROCEDURE

An appeal from any decision of the Taxicab Inspector relative to taxicab permits, suspensions, or revocation may be taken by any person aggrieved thereby. An appeal may be filed on his/her behalf by his/her agent or attorney. The appeal must be filed with the Taxicab Review Board within ten (10) working days from the rendering of the decision, and shall be in writing. The location to file an appeal with the Board may be obtained from the Taxicab Inspector or the City Clerk.

Appeals shall contain the following information:

- A. Name and address of appellant
- B. Name and address of person submitting the appeal on behalf of the appellant
- C. The date of the decision of the Taxicab Inspector
- D. The action being appealed
- E. The grounds upon which the appeal is based
- F. The name and address of any witnesses intended to present testimony on behalf of the appellant

The Board shall fix a reasonable time for the hearing of the appeal, shall give due notice to all parties, and shall render a decision on the appeal within ten (10) working days of the date of the hearing. The decision of the Board shall be in writing and a copy given to all parties concerned. The final decision of the Board shall be subject to review by proceedings in the nature of certiorari instituted in the Superior Court of Mecklenburg County within thirty (30) days of the final decision of the Board.

If an appeal has been previously denied, the Board shall refuse to hear or decide it a second time unless a written request for a rehearing is filed stating substantial alleged changed circumstances or conditions having a bearing on the appeal.

VI HEARING PROCEDURE

- A. The Chairperson of the Board will call the Board to order, introducing himself/herself, the Board and any staff of the Board.
- B. The Chairperson will ask the ~~appellant~~ if ~~he/she~~ is represented by counsel or agent, and the counsel/or agent for appellant should be introduced to the Board.
- C. The Chairperson will ask appellant and counsel/or agent if they are ready to proceed with the Board hearing.
- D. Appellant and his/her counsel/or agent will be informed as follows: (This can be done by the Chairperson, or in the absence of the Chairperson, some member of the Board.)
 1. Exactly why the action in question was taken against the appellant.
 2. Appellant should be informed of his/her full rights.

RULES AND PROCEDURES

Page 3

- a. That appellant may be represented by counsel of his/her choice.
- b. That appellant may testify on his/her own behalf before the Board.
- c. That appellant may be required to testify before the Board.
- d. That appellant may call witnesses in his/her behalf.
- e. That appellant may introduce documentary or real evidence.
- f. That appellant may cross-examine witnesses who may testify against him/her.
- g. That appellant has the right to inspect all documents offered in evidence against him/her.
- h. That the hearing will be recorded, which will be retained for one year subsequent to the hearing.
- i. That the City present its case first, including the examination of witnesses and introduction of documentary evidence. During the time that the City is presenting its case, the Board may ask such questions of the appellant as necessary.

After the City has presented its case, the appellant will present his/her case, including the examination of witnesses and introduction of evidence.

The proceeding will be considered informal but also keeping in mind rules of conduct and decorum necessary for efficiency and administrative due process; however, the traditional rules of evidence required in courts do not apply.

- E. The Chairperson will call the witnesses forward and swear or affirm them in saying something like the following:

"Do you solemnly swear (or affirm) that the evidence you are about to give is the truth, the whole truth and nothing but the truth, so help you God?"
- F. The witnesses will be called with each witness asked the preliminary questions of name, residence, place of employment, and directing his/her attention to the appeal under consideration, after which specific questions can be asked.
- G. After both sides have rested their case, the Board will ask the appellant if he/she has a statement which he/she desires to make to the Board.
- H. The Chairperson will then inform the appellant and his/her counsel that since all the evidence is before the Board, the Board will have a private session and consider the matter; appellant and his/her counsel will be notified in writing of the decision of the Board; and that a decision must be rendered within ten (10) working days of the date of the hearing.
- I. The Chairperson will then adjourn the meeting of the Board.

VII BASIS FOR DECISION

The Board will base its decision only upon competent material and substantial evidence; the Board will not consider opinion or conclusions of witnesses not supported by factual data or background. If there are facts within the special knowledge of a member of the Board or acquired by their personal inspection of the premises, they may be properly considered. However, they must be revealed at the hearing and made a part of the record so that the appellant will have an opportunity to meet them by evidence or argument and the reviewing court may judge their competency and materiality.

In approving or denying the appeal, the Board will state the basic facts on which it relied with sufficient specificity to inform the parties, as well as the court, what induced its decision.

VIII FAILURE OR REFUSAL TO APPEAR

Unless special circumstances are presented by the appellant or his/her representative, such as the unplanned hospitalization of the appellant, failure or refusal by the appellant to appear at the scheduled hearing of the appellant shall constitute a dismissal of their appeal, with no recourse for rescheduling of hearing.

Attempt to accommodate appellant request for rescheduling the hearing date will be made if the request is made five (5) working days prior to the scheduled date for the hearing, and if the request is reasonable in light of the particular circumstances, such as the necessity to accommodate the schedule of charging party's attorney, translator, or the necessity of arranging in advance for absence from work.

IX SUSPENSION OR REVOCATION STAYED PENDING APPEAL

Whenever a taxicab driver's permit is suspended or revoked, the Taxicab Inspector shall give the driver written notification of his/her right to appeal the decision as set out in Sec. 19-8.2. The suspension or revocation of the permit shall be stayed until the time to appeal has expired, or if a hearing is held, until the final decision of the Taxicab Review Board.

appellant's case. If the Court rules that no errors were made by the Review Board, then the Board's decision is upheld and no further appeals can be filed. The penalized individual then must serve his suspension or revocation.

The Taxicab Review Board may also be given other responsibilities by the City Manager or City Council. In fact, the original concept of a taxicab review board included having the board make policy decisions concerning Charlotte's taxicab regulations. So far that aspect of the Board's duties has not been fulfilled, but the author of the ordinance hopes that the Board will eventually make all of the policy decisions without having to go through the City Council.

The incorporation of the once separate Airport regulations for taxicabs into the revised taxicab ordinance is another important administrative change. Originally, the Airport Manager was responsible for enforcing the Airport's taxicab regulations, and this caused many jurisdictional problems. There was also no appeals process for his decisions concerning drivers and operating permits. Now the taxicab ordinance makes clear that the Taxicab Inspector has the authority with the Airport Manager to enforce the Airport's taxicab regulations and that appeals concerning these regulations are heard by the Taxicab Review Board.

8.6 Conclusions

Overall, Charlotte's revised taxicab ordinance has become more of an administrative document which eliminates the need for the City Council to involve itself in the day-to-day regulation of the taxicab industry. The City Council, however, still retains the right to

regulate taxicab entry and fares if it sees the need to do so. The ordinance also seeks to balance the powerful position of the Taxicab Inspector with the appeals function of the Taxicab Review Board. There have not yet been any further revisions to the ordinance as passed in 1982. Almost everyone involved in the regulatory process feels that the current taxicab ordinance is working well. In fact, the author of the revised ordinance believes that good groundwork for future taxicab regulation has been laid, and the ultimate success of the new ordinance will depend on the Taxicab Inspector's ability to enforce its regulations.

9.0 Fresno, California

9.1 Introduction

Fresno is located in the San Joaquin valley of California. The area is noted for agricultural production and the valley itself is California's largest wine-producing region. Partly due to the flat topography and the agricultural nature of the region, Fresno's 250,000 people are spread out over a large area. The airport is located about seven miles from the downtown area. At this time, about 45 cabs serve the Fresno area and airport, representing about twenty companies. The existence of such a large number of cab companies can be explained by the history of regulatory revision concerning taxicabs.

Fresno was chosen as a case study because it had deregulated both fare and entry taxicab regulations in 1979, and then reregulated its local taxicab industry in 1983. Its experiences with both deregulation and attempts to regulate illustrate many of the problems that can occur with taxicab regulation.

9.2 History of the Regulatory Process

The taxicab industry in Fresno has a long and intricate regulatory history. Originally, Fresno limited the number of cabs on the road by a minimum trips per day standard and fare rates were set by the City Council. As early as 1977, however, both the city staff and the taxicab industry were dissatisfied with the time and money wasted every time a fare change became necessary. Members of the industry petitioned for a fare change early in 1977; the result was a continuing debate between the city and members of the industry concerning the method of rate determination. After much heated discussion, with no consensus among

cab owners, several ideas were proposed: (1) a maximum and minimum rate to provide drivers with a flexible range; (2) deregulation of rates; and (3) using the Consumer Price Index (CPI) to automatically adjust rates. A maximum/minimum rate schedule was chosen at this time.

In 1978, the city of Fresno took further steps toward deregulation. Discussions were held to determine whether the five-car requirement for entry should be lifted in order to allow single operators. The idea of linking the number of cabs to population by use of a 1/1,000 ratio was considered. Finally, in 1979, the City Council and the cab companies agreed upon a proposal to totally deregulate the industry. At the same time, responsibility for permitting and licensing of cabs was switched from the Police Department to the Finance Department, a further statement of deregulation. Factors influencing this decision in Fresno included the then recently deregulated cities of Seattle and San Diego, two cities surveyed by Fresno's city staff when the decision on regulatory change was being pondered. It was felt that market pressures and open competition could be relied upon to control the industry. Other California cities surveyed by Fresno included Sacramento, Bakersfield, Modesto, and Stockton. The city staff also made use of several ITA reports on rate schedules and entry provisions nationwide.

Deregulation lasted approximately eighteen months, during which it became increasingly evident to all concerned that unlimited entry and fares was not working in Fresno. Customer complaints increased and the business community became involved due to problems encountered with taxi service citywide, including price gouging and poor upkeep of equipment. Several members of the industry fought consistently for reregulation. Late in 1981, the city issued a moratorium on taxicab permits as a

stopgap measure while procedures began to reregulate the taxicab industry. At this time there were 25 to 30 companies and approximately 50 cabs in operation. According to the Deputy City Manager, the number of single owner-operators relying on cruising for fares was too high and a city as spreadout as Fresno could not be profitable for a single cab without radio equipment. Price gouging was apparently a natural outcome as these owner-operators tried to make up for money and time lost in cruising.

Reregulation went into effect in January, 1983. Since that time, customer complaints have dropped and entry into the industry has slowed considerably. The new entry and fare regulations are administered by the Finance Department, a continuation of the change in administrative responsibility made during deregulation. At the present time, the taxicab industry and city are satisfied with the new rules and are generally cooperating to increase enforcement.

9.3 Entry Controls

9.31 Before Deregulation (1979 and earlier)

Requirements for entry into the industry prior to deregulation in 1979 included:

- (1) a five-cab minimum,
- (2) permit (background check, at least one year's experience in the industry, and a driver's license);
- (3) trip sheets on which mileage, origin, and destination for all trips were accurately recorded;

- (4) a minimum average daily permit utilization standard (ADPUS) of 25 trips per cab;
- (5) standardized colors and numbers; and
- (6) twenty-four-hour radio dispatching.

The daily minimum of 25 trips was arrived at by studying the average number of trips per cab necessary to repay all operating expenses and to show a profit for the driver. This was determined through discussions with members of the industry and by analysis of trip sheet data submitted by the companies.

9.32 During Deregulation (1980-1982)

This period lasted for almost two years. Under deregulation, the responsibility for administering the taxicab regulations was moved from the Police Department to the Finance Department. The persons responsible were the Controller and Finance Director. There were no requirements for obtaining a permit to operate other than a required inspection of the vehicle, a background check through the California Department of Motor Vehicles, a driver's license and a unique color scheme for each company to be filed with the Controller.

9.33 During Reregulation (1983)

In January, 1983, the city of Fresno reregulated by adopting the following entry requirements:

- (1) three cab minimum;
- (2) insurance coverage;
- (3) proof of a daily minimum earnings per cab of \$160.00;
- (4) background check;
- (5) twenty-four-hour radio dispatching;

- (6) taximeter with a legible dial; and
- (7) distinctive and uniform company colors.

Other requirements include a quarterly inspection, maintenance of a clean and mechanically safe vehicle, the prominent display of the driver's name and the company's rates, and the continuation under the new rules of permits issued under deregulation.

The three cab minimum was a compromise between the old five-car minimum and the unlimited entry under deregulation. The \$160.00 daily vehicle earnings requirement was set by taking into consideration all costs involved in running a taxi and an acceptable amount of take-home pay for the driver. The costs and pay were discussed with cab company owners until a minimum total was determined. Factors taken into account included the cost of leasing, gas, oil, and insurance. The old daily standard of 25 trips was seen as too hard to enforce as well as a poor indicator of the actual amount of money earned.

In order to verify their compliance with the daily \$160.00 standard, new companies were given a three-month provisional permit. During this provisional period they are required to submit monthly financial reports to the Controller showing the average daily earnings per cab. So far only one company has entered the industry since deregulation ended and it is still under a provisional permit.

9.4 Fare Setting

9.41 Before Deregulation

Fares were set by the City Council before deregulation. For a short period, the CPI was linked to the rate schedule to save the Council time and money. Also a more flexible maximum/minimum rate

FIGURE SIX

TAXICAB ORDINANCE REGULATORY REVISION CHRONOLOGY

Fresno, California

Before 1976

A set fare was established by the City Council. Entry controls were spelled out in the ordinance.

During 1976 and 1977

Discussions between cab companies and city staff were held to arrive at a new fare setting procedure.

During 1978 and 1979

Other cities were surveyed concerning their rate structures and entry controls. Several ideas were proposed and/or tried: maximum/ minimum fares, fares linked to CPI, deregulation, ratio of cabs to population, number of cabs linked to number of daily vehicle trips or to daily vehicle earnings.

During 1979 and 1980

Deregulation of the taxi industry with administration switched from the Police Department to the Finance Department.

During 1982

A moratorium on entry and the reregulation process was begun. A task force was set up by the Chamber of Commerce to deal with complaints and suggest solutions.

Early 1983

Reregulation.

schedule was used briefly. Just before deregulation fares were set on a maximum/minimum schedule.

9.42 During Deregulation

No rate schedule existed during deregulation. The only requirement was that cab companies report any rate changes to the Controller at least twenty-four hours before they took effect. This was not strictly enforced.

9.43 During Reregulation

A maximum fare is now set by the Chamber of Commerce and there is no minimum fare. Fare rates are required to be the same for each cab operated by single company and to be prominently displayed on each cab. The maximum rate can be changed by a resolution of the City Council. The decision to use a maximum rather than a set fare was a final vestige of regulation.

9.5 Conclusions

Interviews with members of the city staff and local taxicab company owners almost unanimously rated Fresno's experience with deregulation as unsatisfactory. Before deregulation it was commonly agreed that market pressures would control fares and provide a adequate level of service, but this was not the case in Fresno. One of the problems with the Fresno system was the confusion caused by having over 25 different companies with distinctive color schemes. Enforcement and inspection were difficult. Under the present regulations, the industry is slowly recovering both its positive public image and its profit margin. Antitrust concerns were discussed when the industry was reregulated and

probably influenced the decision to make current regulations less stringent than those prior to deregulation when there was a five rather than a three cab minimum and fares were set rather than just having a maximum fare established.

The single cab companies which entered the business during deregulation have been grandfather cloused into the revised ordinance, but owners operating under this clause cannot transfer their permit to anyone else. People wishing to get into the business must now meet the new minimum standards. So far, one company has entered and seems to be meeting the requirements.

One company owner explains the Fresno experience in this way: "Fresno is unique . . . it is not like San Diego, San Francisco, etc. . . . you have to travel too far to make a dollar." This owner felt that deregulation failed for this reason. There are probably a wide variety of other factors which caused the problems seen under deregulation. Others felt that the open ended rate structure was the main fault in the plan. Whatever the reasons, Fresno seems to be a place where regulation is necessary for a healthy and profitable taxicab industry.

10.0 Sacramento, California

10.1 Introduction

Sacramento, California's state capital, is situated approximately 200 miles northeast of San Francisco. Census reports indicate that the city's population of 280,000 has grown by 9.2 percent within the past decade.

During the mid-Seventies, the city was served by three main taxicab companies - Yellow Cab Company, Greyhound Cab Company and Courtesy Cab Company. Yellow Cab operated almost 70 percent of Sacramento's 136 taxicabs. Largely as a result of regulatory modifications, 162 vehicles now operate in Sacramento. While Yellow Cab, operating 80 taxicabs, is still a major company in the local industry, there are currently a total of nineteen companies in Sacramento. Recent trends include formation of Capital City Cooperative and the proliferation of single vehicle, owner-operated companies.

Three different public entities regulate the taxicab industry in Sacramento, the City and County of Sacramento and the Sacramento Airport. Both the City and County issue operating permits for drivers and vehicles. Taxicabs may drop off passengers at the Airport or make arrangements to pick up passengers without a special Airport permit. Taxicabs must obtain a permit if they wish to wait in the holding area and be called for fares by the starter.

Within the past year, Sacramento City and County have deregulated the local industry. They no longer determine the number of taxicabs which may operate or set fares.

10.2 History of Regulation

10.21 Entry Requirements

Written in the Forties, Sacramento's taxicab ordinance remained relatively unchanged until 1952. In that year, it was amended to limit the number of operating taxicabs to one taxicab per 1,500 people based upon the official U.S. census reports. Later an industry request that the vehicle/population ratio be changed to one taxicab per 2,000 people was approved. Even with this ratio, the number of operating taxicabs exceeded the number permitted. This was the trend until 1960 when the companies voluntarily reduced the total number of taxicabs to 135. Approximately 135 taxicabs served the city of Sacramento until major regulatory changes occurred in 1968.

10.22 Fare Setting

The early ordinance specified both taxicab rates and the procedure for adjusting them. Taxicab service within the city was assigned a schedule of charges for the first one-sixth mile, each additional one-sixth mile and for waiting time. The City Council established fares by resolution. Adjustments to the standardized rates were made by the Director of Finance when he/she determined that "an adjustment equal to the percentage in the United States Department of Labor Consumer Price Index (CPI) for San Francisco-Oakland 'All Urban Consumers' from the date of the last rate change would equal or exceed ten cents per mile." The Finance Director was authorized to increase or decrease the rate charged based upon his/her perception of the public welfare and safety and what constituted a reasonable rate of return on the taxicab companies' investment.

10.23 Early Modifications

In 1968, there were two modifications made to the existing ordinance which increased the number of operating taxicabs to 147. First, an amendment to the ordinance created a reciprocal arrangement which allowed taxicabs licensed by the City to operate in the County and vice versa. Second, following a survey of the taxicab/population ratios used in other California cities, the County adopted a ratio of one taxicab per 11,200 people. At that time, there were 26 taxicabs and 291,357 people in the unincorporated area.

Although deregulation of the taxicab industry did not occur until 1982, City Council had considered the feasibility of relinquishing its control over taxicab operations as early as 1978. Prompted by the difficulties of setting reasonable rates for the industry, the Council's staff surveyed 35 other California cities with populations of 50,000 or more. Over 70 percent of the surveyed cities established rates, and all cities the approximate size of Sacramento regulated fares.

On the basis of the survey results, the City considered a number of alternatives which included deregulating fares, establishing a Board of Convenience and Necessity or continuing the status quo. Fearing that deregulation could lead to increased fares and less protection for consumers, the Council opted to retain its fare setting role.

Repeal of the municipal code governing taxicab regulation was also considered. Eliminating Chapter 42 would have meant the loss of regulatory power for establishing the number of taxicabs allowed to operate in Sacramento. Again, the Council feared the possible consequences. The City's most important concern was the decreased Police authority over the suspension and revocation of permits.

The following year, the City considered removing taxi stands reserved for the exclusive use of one company. The Council decided not to do this because they thought that it might result in additional parking and traffic problems, especially at locations like the bus station and hotels.

Amendments to the ordinance adopted in 1981 made procedural changes in Chapter 42. Important modifications included the substitution of the Director of Finance for the Chief of Police in the administration of certain sections, and changes in the application, renewal, suspension and revocation procedures.

10.24 Deregulation

Two main events sparked the issue of deregulating the local industry. On December 31, 1981, 200 employees of the Yellow Cab Company went on strike protesting the loss of union security, driver commissions and pension benefits. This labor dispute influenced the City's discussion of possible regulatory revisions.

At the same time that the strike occurred, a United States Supreme Court case, Community Communications v. City of Boulder, Colorado, was in litigation. In January, 1982, the Supreme Court ruled that cities are not exempt from federal antitrust laws unless they are carrying out a "clearly articulated and affirmatively expressed" policy adopted by the state. Based upon this recent decision and the Sherman and Clayton Antitrust Acts, the City's Department of Law concluded that Sacramento probably could not limit the number of permits issued, require a company to have a minimum number of cabs, provide exclusive taxicab stands or regulate taxicab rates. All of these actions might have been ruled

illegal restraints of trade if challenged in the courts.

By March, 1982, the Council had requested its staff to prepare a report concerning taxicab inspections and permit utilization and recommended a complete review of all city codes concerning the regulation of taxicabs. In addition, the Council recommended extensive regulatory revisions which ultimately discontinued the regulation both of the number of taxicabs permitted and rates.

On May 25, 1982, the Council adopted a new ordinance. While the City was no longer empowered to set numbers and fares, it is nonetheless active in regulating aspects of public safety and consumer protection. The new regulations provide for greater public liability insurance coverage, stricter vehicle inspections and the use of twenty-four-hour dispatch services.

10.3 Evaluation

The strike of Yellow Cab union drivers and the subsequent deregulation of the local taxicab industry have led to the substantial growth in the number of taxicab companies operating in Sacramento. Prior to these events, only three companies served the Sacramento area.

One new company, Capital City Co-op, was formed in June, 1982, with ten cars, few customers and many debts. The Co-op was originally founded by disgruntled strikers from the Yellow Cab Company. Currently, the Co-op operates twenty cars and six vans to answer 1,200 calls each day. Capital City Co-op employees believe that deregulation has been good both for the industry and for the public. Eleven independent owner-operators also agreed that the public has benefited from the better, fuller service and the newer, better maintained vehicles which

these regulatory revisions have fostered. From the start Yellow Cab Company opposed deregulation. The regulatory changes and the entrance of new companies into the industry have reduced its share of the market and the percentage of the total taxicab fleet which it operates.

Some companies have complained about the high City fees for driver and vehicle permits and business licenses. However, the increased number of companies and taxicabs operating in the City show that these fees have not deterred new operators from entering the industry.

Eliminating local control over the establishment of number of vehicles or companies and fare setting has freed the City from a time-consuming task. At the same time, however, deregulation and the increased number of taxicab companies and taxicabs have created additional regulatory burdens for Sacramento in the areas which it regulates. Officials are pleasantly surprised that fares have remained at reasonable levels. In fact, since deregulation, at least one company has offered discounts to senior citizens.

10.4 Conclusions

Strike pressures and an important Supreme Court ruling triggered deregulation which the City had been considering for four years. The City researched the legislation of nearby cities and learned from the experience of others. Sacramento's goal was to deregulate portions that it felt forced to decontrol, while maintaining its regulatory authority over other important aspects of the ordinance, such as the preservation of public health, safety and welfare.

It is generally agreed that the city has been moderately successful in changing into its present role. Being the site of the State capital,

the Sacramento companies enjoy a predictable and constant amount of business from legislators, lobbyists and other State government personnel. City officials cite this as one explanation for the very stable rates in Sacramento.

The future success of these regulatory revisions is questionable. Most people interviewed agreed that the area could reach a saturation point in the number of taxicabs operating. At the same time, competition may not remain as healthy as it now seems to be.

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