

*City of Alexandria, Virginia*

---

**MEMORANDUM**

DATE: OCTOBER 31, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: RASHAD M. YOUNG, CITY MANAGER

FROM: WILLIAM SCHUYLER, CHAIR,  
TAXICAB TASKFORCE

SUBJECT: RECOMMENDATIONS

---

**Background**

On behalf of the Taxicab Taskforce I would like to thank City Council for providing the opportunity to review certain designated aspects of the taxi industry. This review comes at a good time with the rollout of several internet-based unregulated single car transportation service providers and the recent changes to the State code. Neighboring Arlington is already reporting a decrease in dispatch call volume due to these new services. Unfortunately these new internet based services are primarily servicing the lucrative markets. Left to their own devices these new companies have the potential to put many of the regular taxicab providers out of business, leaving much of the market neglected.

**Purpose of the Taxicab Task Force**

City Council Resolution 2558 created the Taxicab Taskforce to review and make recommendations to City Council on the following three issues:

1. The March 8, 2013 Tenants and Workers United (TWU) proposal to liberalize the taxicab driver transfer process;
2. The Traffic and Parking Board's proposal to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated when the grandfathered certificate holder retires; and,
3. The issue of the operation of cab companies which operate below the Code required dispatch thresholds.

## Taskforce Recommendations

The Taxicab Taskforce makes the following recommendations on the above three issues:

### Issue #1 - Tenants and Workers United's proposal to liberalize driver transfers:

*The Taskforce recommends rejecting the March 8, 2013 Tenants and Workers United (TWU) proposal to liberalize the taxicab driver transfer process.*

### Issue #2 - The Traffic and Parking Board's proposal to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated when the grandfathered certificate holder retires:

*The Taskforce recommends adopting the Traffic and Parking Board's proposal to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated when the grandfathered certificate holder retires.*

### Issue #3 - The operation of cab companies which operate below the Code required dispatch thresholds:

*The Taskforce recommends adopting a pre-2005 type of code which maintains a dispatch requirement but does not allow driver transfers.*

## Key Findings of the Task Force

After our review, the Task Force agreed on the following key findings:

1. The new State Code mandates that vacancies created by drivers transferring out of a compliant company must be filled. Allowing driver transfers to continue will significantly increase the number of cabs negatively affecting driver income and increasing enforcement difficulty.
2. With this conclusion of the City Attorney involving the State Code, TWU's proposal will result in significant and uncontrollable increases in the number of taxis operating in Alexandria decreasing driver income.
3. Alexandria's experience with driver transfers is drivers who wish to transfer will move to companies that primarily serve the airport.
4. Companies have been reluctant to invest in service improvements because of the uncertainty created by driver transfers.
5. With unregulated driver transfers, companies will find it increasingly difficult to ensure reliable dispatch service.
6. TWU's proposal leaves the City vulnerable to new startup companies or unregulated internet-based companies entering the market. These companies have focused on the airport or on the higher-end customers and not on the bulk of Alexandria residents.

7. Under the TWU proposal, drivers not meeting the proposal's newly created dispatch requirement could lose their licenses for actions that are the responsibility of the cab companies.
8. Since the City's Code was changed in 2005 to allow transfers, all of the driver transfers have been into companies that do not meet the City's minimum dispatch requirement. Approximately one-third of all driver transfers have been to a company that has a dispatch rate of 0.02 dispatch trips per day per driver.
9. Allowing significant numbers of drive transfers would make oversight by city employees increasingly difficult and could require additional resources to monitor cab service to City residents.
10. Allowing grandfathered certificates to become permanent is one tool that could be used to assure cab company's fleets are sufficient to serve their demand if a large numbers of grandfathered certificate holders retire at the same time from the same company.
11. Although this issue was not part of the Taskforce's mandate, Taskforce members asked about ADA compliance. Taxi companies are required to have a minimum number of ADA wheelchair accessible taxis, but the disabled community has expressed concern that getting ADA taxis is difficult and the Taskforce felt this should be reviewed by the City staff.

### **Task Force Meetings**

The Taskforce met a total of six times with TWU abandoning the process after the fourth meeting and opting not to participate. TWU became very difficult to work with in this process. At the third meeting Mr. Liss from TWU became so disruptive that the meeting had to be prematurely adjourned. At the fourth meeting TWU announced that they had a new proposal that they wanted the Taskforce to consider rather than their original proposal. At the fifth meeting TWU had Channel 4 news present and then announced that they were no longer going to participate on the Taskforce. Since opting out, TWU has been distributing flyers urging people to contact the mayor.

The first Taskforce meeting was primarily an introductory meeting to review the Taskforce's charge, elect a chair and have staff provide background on the taxicab industry. The second meeting was dedicated primarily to allowing TWU to present their proposal and allow questions and answers between the Taskforce members and TWU. On the third meeting the Taskforce heard public testimony and on the fourth the Taskforce discussed the public testimony and the TWU proposal. All subsequent meetings were held to negotiate this proposal to the City Council.

### **Task Force's Considerations**

The Taskforce considered several potential options shown below:

1. Retain the current taxicab code.

2. Adopt the TWU proposal, which moves the dispatch requirement from the company to the driver. Drivers would be able to switch companies' once/year even though some of the companies do not meet the 2 calls/day/driver dispatch requirement. Also, the number of cabs would increase through backfilling.
3. Revert to pre-2005 ordinance which maintains a dispatch requirement but does not allow drivers to transfer and the City determines the size of the company.
4. Adopt a Hybrid approach.

**Issue #1 - Tenants and Workers United's proposal to liberalize driver transfers:**

*The Taskforce recommends rejecting the March 8, 2013 Tenants and Workers United (TWU) proposal to liberalize the taxicab driver transfer process. The Taskforce makes this recommendation based on Findings 1 through 9 and 11 listed above.*

**Summary of Conclusions**

The Taxicab Taskforce concluded that liberalizing the driver transfers would exacerbate two problems the City has struggled with for many years. First, adopting TWU's proposal will result in an increased number of taxis operating in Alexandria. Since driver transfers were allowed the number of cabs increased nearly 19 percent due to back filling – this is without the new provisions in State Code. The new State code combined with liberalizing the transfer regulations will significantly increase the fleet size and create out of control growth. The Taskforce recognized that there are too many cabs operating based on the City's population. With the analysis of the City Attorney that compliant companies must be allowed to backfill cabs if drivers transfer to other companies, it would be impossible to implement the TWU proposal without increasing the number of taxis in Alexandria. Second, the experience with the cab fleet since driver transfers were allowed in 2005 has been to increase the number of cabs working for companies that do not meet the City's dispatch requirement. At the last biennial review at least 30 drivers requested to move from compliant companies to non-compliant companies. As the dispatch requirement is the measure the City uses to determine if the cab company is adequately serving the citizens of Alexandria, it is a measure that cannot be ignored. The Taskforce did not identify anything in the TWU proposal to prevent this problem from becoming worse if driver transfers were further liberalized. Another issue of concern is that the TWU's proposal leaves the City vulnerable to new startup companies enticing large numbers of drivers with low stand dues to transfer out of compliant companies and into the new company. The City has a history of this when Union Cab started operations and quickly became the second largest company in the City. If the code were not revised in 2010 to prohibit drivers from transferring into non-compliant companies, Union Cab would have grown to the largest company. Unfortunately, Union Cab primarily serves the airport. This has the potential to create major disruptions in the Alexandria taxi industry.

The TWU proposal recommended moving the dispatch requirement away from the cab companies to each cab driver. The Taskforce considered this proposal, but felt that because the infrastructure to dispatch calls must be created and implemented by the cab companies it

would not be fair to hold drivers responsible for something they cannot create or advertise. In addition, the Taskforce recognized that the two dispatch calls a day would have to be enforced on each driver with consequences for not meeting the requirement. The TWU suggested that drivers not meeting the requirement would lose their licenses. *Most drivers are not going to agree with this requirement of TWU's proposal.* Monitoring each driver's dispatch rate would be very difficult because staff would have to review over 767 manifests. Many drivers only work part time and holding them to the same standard as the full time drivers would place them at a disadvantage. The loss of a driver's license for failing to meet the dispatch requirement appeared to be an excessive punishment; the Taskforce did not believe it was appropriate to adopt this recommendation. The amount of effort required by the City to collect and substantiate driver manifests would be excessive and require the City to hire additional staff.

The TWU proposal identified an important issue that the Taskforce believes needs further consideration. As the taxi companies' service to the City is measured by using the dispatch requirement, it is a very important that this metric accurately reflect whether or not a company is servicing the community. The TWU proposal recommended that newer customer outreach methods, such as web-based dispatches, cell phone use, Twitter and Facebook, or other newer technologies could be used to determine when Alexandrians are reaching out to taxi companies to request service. The Taskforce suggests that the affected communities--taxi companies, taxi drivers, passengers and any other affected party could submit ideas to the City's transportation staff to improve this measure. The Taskforce is not suggesting the City develop new ideas independently as the best ideas are likely to come from those in, or using, the taxi business. Improvements to the measure could be suggested to the Traffic and Parking Board or to the City Council if they needed review.

For other issues that were part of the TWU proposal, the Taskforce does not believe that they be adopted in lieu of current system used by the City. The City uses a biennial rate-setting review process to assure fares and fees are appropriate. The review process assures that cab companies have a sufficient number of certificates to meet the demands of their customers.

**Issue #2 - The Traffic and Parking Board's proposal to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated when the grandfathered certificate holder retires.**

*The Taskforce recommends adopting the Traffic and Parking Board's proposal to review a request by companies to allow grandfathered certificates to become permanently affiliated with the company with whom the driver is affiliated. This recommendation was based on Finding 10.*

**Summary of Conclusions**

The Traffic and Parking Board recommended that taxi companies who lost certificates due to grandfathered certificates expiring could request that the Traffic and Parking Board allow the company to turn the grandfathered certificate into a standard certificate if there was reason to

do so. Taxi companies expressed concern that it was possible for many drivers with grandfathered certificates to all work for the same company and all leave the business at a similar time. They viewed this as a risk to their business as it could conceivably be a significant number of their company's cabs, as 17 grandfathered certificates currently exist. The Traffic and Parking Board did not suggest that all certificates be re-designated. The Traffic and Parking Board believes that there are too many cabs operating in Alexandria today, so allowing grandfathered certificates to expire would be an appropriate way to reduce the total number of cabs. But, the Board also agreed that it would not be fair to let them expire unless they were fairly distributed across Alexandria's cab companies. The Traffic and Parking Board's recommendation was designed to assure that if a company was disproportionately affected, it would have recourse to assure its fleet was sufficient to serve its customer base.

The Taskforce recommends that all companies should be permitted to request that the Traffic and Parking Board consider allowing their grandfathered certificates become standard certificates when the driver leaves the industry. This would be taken up on a case by case basis.

**Issue #3 - The operation of cab companies which operate below the Code required thresholds:**

*The Taskforce recommends adopting a pre-2005 type of code which maintains a dispatch requirement but does not allow driver transfers. The recommendation is based on Finding 1 through 9.*

The Taskforce believes that as long as driver transfers are allowed, cab companies are going to operate below the code required service thresholds and cab service to the community will suffer. Since the code was changed to allow transfers in 2005 all driver transfers have been into noncompliant companies. In addition to the above, allowing driver to transfer hurts the industry's ability to serve the public in several ways. First, allowing driver transfers limits the control a company has to require their drivers to service the public. For example, if a driver refuses to service dispatch calls and the company attempts to discipline the driver, the driver will just transfer into a more accommodating company. Second, allowing drivers to transfer impedes a company's ability to invest in new technology. It's hard to justify investing in technology or infrastructure if next year a large portion of the workforce transfers out of the company. This is particularly important in this age with the new competition created by internet-based unregulated single car transportation service providers. Lastly, allowing driver transfers increases the number of cabs in an already oversaturated market. The more cabs there are the smaller income drivers will be able to earn. In addition, the city is already seeing the results of an over saturated market as the queue of cabs waiting at cab stands is so large that it extends into travel lanes. The Taskforce believes that the City can do a more effective job of regulating the taxi industry if a pre-2005 type code were adopted which maintains a dispatch requirement but does not allow transfers. In this scenario the City would be able to grant additional cabs to companies that are growing and servicing the City while reducing the size of noncompliant companies at each review cycle based upon non-compliance with dispatch requirements.

The Taskforce also considered, but is not recommending, a hybrid approach. Under this approach the City would evaluate two or three technologies that can be used to track cabs and monitor compliance. This would, most likely, require drivers and companies to purchase some type of tracking equipment for the cabs. Currently there is not a good way to monitor compliance other than accept a company at its word that the data provided by the company to the City is accurate. City Council would then direct staff to actively enforce the current code for dispatch violations. The City Manager would promulgate regulations using the existing code to access class II civil violations against companies not meeting the dispatch requirements. The Taskforce is not recommending this approach because it would not be as effective at regulating the industry and the City has insufficient staff to aggressively enforce dispatch violations.