



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** NOVEMBER 6, 2013

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER/s/

**DOCKET TITLE:**

Consideration and Acceptance of the Recommendations of the Taxicab Taskforce.

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**ISSUE:** Transmittal of the Taxicab Taskforce's recommendations.

**RECOMMENDATION:** That the City Council receive the Taxicab Taskforce's recommendations and direct staff to draft the necessary changes to the City Code of Ordinances to implement the recommendations related to (1) grandfathered certificate holder requirements, and (2) maintain a dispatch requirement but not allow driver transfers.

**BACKGROUND:** On April 17, 2013, the City Council passed Resolution 2558 (Attachment 1) creating a 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 thresholds.

**DISCUSSION:** The Taxicab Taskforce met a total of six times, with TWU abandoning the process after the fourth meeting and opting not to participate. TWU opted out after the Taskforce refused to consider a newer proposal issued by TWU. The Taskforce believes that TWU's refusal to work with the Taskforce in a productive manner is unfortunate.

The Taxicab Taskforce recommended and staff concurs with the following recommendations:

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

*The Taskforce does not recommend liberalization of the taxicab driver transfer process.*

The Taskforce could not find a compelling reason to adopt TWU's proposal and did not believe that the proposal adequately defined the problem as to why such a drastic change in the taxi industry was needed, or how the City would benefit. The Task Force found no comparable industry where "worker choice" determined company size, which is essentially what the proposal recommended. Given recent changes in section 46.2-2067 of the State Code (Attachment 4), the proposal would result in significant and uncontrollable increases in the number of taxis operating in Alexandria, resulting in a commensurate decrease in driver income.

Alexandria's experience since the code was changed in 2005 to allow limited driver transfers is that drivers transfer to companies with lower stand dues when given the opportunity. These companies primarily serve the airport and tend not to invest in the assets and infrastructure necessary to timely serve high levels of dispatch service. TWU's proposal would further exacerbate this problem leaving much of the local City needs for taxicab service neglected.

The Taskforce also believes that taxicab companies will be reluctant to invest in service improvements if TWU's proposal is adopted because of the uncertainty created by driver transfers. *Spending over \$100,000 in new dispatching technology is a bad investment if a large segment of the workforce leaves the company.* Companies will find it difficult to ensure reliable dispatch service, leaving the City vulnerable to unregulated internet-based single car transportation service providers. TWU's proposal leaves the City vulnerable to new startup companies entering the market and enticing large numbers of drivers to leave compliant companies.

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.*

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. The concern expressed by taxi companies was 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 retires. This would be taken up on a case by case basis for each driver.

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

*The Taskforce recommends adopting a pre-2005 type of code where the City establishes the number of cabs each company can operate and drivers cannot transfer their authorization from one company to another, as they can today.*

The Taskforce believes that as long as driver transfers are allowed the City will have issues with taxicab companies operating below the Code required thresholds. Allowing driver transfers limits a taxicab company's ability to stay within the code requirements. For example, if a company attempts to require unwilling drivers to service dispatch calls or be courteous to passengers, that driver can just transfer into a more accommodating company. During the past review cycle over 30 drivers requested to transfer out of one of the Alexandria companies because that company instituted a policy that if the drivers did not service at least one dispatch call a day they would have to pay a higher stand due. Since the code was changed in 2005 to allow transfers, all of the driver transfer requests have been into non-compliant companies. Approximately one-third of Alexandria's fleet has transferred to a single company that has a dispatch rate of 0.02 dispatch trips per day per driver.

Another concern with allowing drivers to transfer is the new State Code. The new State Code mandates that vacancies created by drivers transferring out of a compliant company must be filled. Alexandria's experience has been that, since the code was changed in 2005 to allow driver transfers, most of the drivers have elected to transfer out of compliant companies and into non-compliant companies. During this time, the number of Alexandria cabs has increased by nearly 20 percent, primarily due to filling transfer vacancies, to keep compliant companies sufficiently staffed to service dispatch demand. Allowing driver transfers to continue with the new provisions in State Code will increase this growth significantly. This growth in the number of cabs resulting from driver transfers will severely hurt driver income, increase the demands on City staff and hurt the quality of taxi service in the City.

Adopting a pre-2005 type of code will allow the City to reduce company size at each review cycle based upon non-compliance with dispatch requirements.

City staff will draft the necessary change to the City Code to implement the Taxicab Taskforce recommendations and bring them back to Council for public hearing in the next few months.

**FISCAL IMPACT:** No fiscal impact to the City.

**ATTACHMENTS:**

Attachment 1: Resolution 2558

Attachment 2: Taxicab Taskforce Recommendations

Attachment 3: Tenants and Workers United's Proposal

Attachment 4: State Code 46.2-2067

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