



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 5, 2014 **REVISED**

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on First Reading of a Proposed Amendment to Title 9 (Licensing and Regulation), Chapter 12 (Taxicabs and Other Vehicles For Hire), Division 2 (Certificates Of Public Convenience And Necessity) of The Code of the City of Alexandria, Virginia, 1981, as Amended.

ISSUE: How to handle Grandfathered taxicab certificates upon the retirement of the holder to that certificate, and how to manage the issue of driver transfers among taxicab companies.

RECOMMENDATION: That City Council: (1) hold the public hearing, second reading and final passage on March 15, 2014, and adopt the ordinance (Attachment 2) which will allow certain grandfathered certificates to become permanently affiliated with a company when the driver retires; and, (2) reject [as recommended by the Taxicab Taskforce] the Tenants and Workers United proposal to liberalize the taxicab driver transfer process.

BACKGROUND: On May 14, 2013, the City Council passed Resolution 2558 (Attachment 3) 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."

The Taxicab Taskforce forwarded the following recommendations to City Council on November 12, 2013:

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

The Taskforce recommended against liberalization of 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 recommended 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 thresholds:

The Taskforce recommended 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 have been authorized since 2005.

City Council received the Taxicab Taskforce's recommendations and directed staff to draft the necessary changes to the City Code and Ordinances to: (1) implement the recommendations related to (Grandfathered Certificate Holder requirements), and (2) Maintain a dispatch requirement, but not allow driver transfers. City staff recommends adopting Taskforce Issue recommendations #1 and #2, but not take any action on Issue recommendation #3 at this time. Issue recommendation #3 will be further analyzed by staff and brought back to City Council for consideration in late spring.

DISCUSSION: As the next step in processing the above discussed Council direction in regard to the Taxicab Taskforce recommendations, on January 27, 2014 the Traffic and Parking Board held a public hearing to consider the proposed ordinance to amend and reordain Title 9, Chapter 12, Division 2 of The Code of the City of Alexandria, Virginia, 1981, as amended. A total of five people spoke at the hearing. All five speakers spoke in favor of the recommendation proposed under Issue #2, allowing grandfathered certificates the option to become permanent when the certificate holder retires. Two speakers spoke in support and three spoke in opposition to Issue #3, reverting back to a pre-2005 Code which will restrict driver transfers. The Traffic and Parking Board voted unanimously to approve the proposed changes related to the Grandfathered Certificates, as well as to restricting driver transfers.

The following explains the rationale behind each of the two recommendations outlined in this report that supported Recommendation #2: Grandfathered taxicab certificates were created in 1982 when the City changed the City Code transferring the Certificate of Public Convenience and Necessity from the individual drivers and issuing them to the taxicab companies. The City made this change to place the responsibility of managing the drivers and seeking to ensure compliance with City requirements and improving customer service on the taxicab companies - not largely on the City (which had been the case prior to 1982). All 17 of the current Grandfathered Certificate holders have held the certificate since 1982. When these Grandfathered Certificate holders retire, the authorization for their taxicab will also retire. Under the proposed change, not all certificates would be re-designated. Currently, there are too many cabs operating in Alexandria today when compared to the rest of the United States. In Alexandria there are 767 taxicabs to serve a population of 146,294. This is 5.2 taxicabs per 1,000 residents. The national average is less than 1 taxicab per 1,000 residents. Allowing Grandfathered Certificates to expire is an appropriate way to reduce the total number of cabs. But, it would not be fair to let these Grandfathered Certificates expire unless they were fairly distributed across Alexandria's cab companies. The Traffic and Parking Board's original 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 proposed ordinance change will create a process by which a taxicab company can request that the Traffic and Parking Board allow that company to convert that Grandfathered Certificate to a regular certificate upon the retirement of the current individual taxicab driver Grandfathered Certificate holder. Such a case by case review is aimed at making sure a taxicab company is not disproportionately impacted.

Issue #1: The Taxicab Taskforce concluded that adopting Tenants and Workers United's (TWU) proposal to liberalize 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 taxicabs operating in Alexandria. Section 46.2-2067 of the State code limits the ability of a regulatory body, such as Alexandria, to reduce the fleet size of a taxicab company without cause. The State code combined with liberalizing the transfer regulations will significantly increase the number of taxicabs operating in the City. The Taskforce recognized that there are too many cabs operating based on the City's current market needs. With the analysis of the City Attorney that compliant companies must be allowed to backfill taxicabs if drivers transfer to other companies, it would be impossible to implement the TWU's proposal without increasing the number of taxicabs in Alexandria. This growth in cabs will severely hurt driver income due to the resulting oversaturated market. Second, the experience with the taxicab fleet since driver transfers were allowed in 2005 has been an increase the number of taxicabs working for companies that do not meet the City's minimal dispatch requirement. At the last biennial review, at least 30 drivers requested to move from compliant companies to non-compliant companies. The dispatch requirement is the measure the City uses to determine if a taxicab company is adequately serving the citizens of Alexandria, consequently it cannot be ignored. The Taskforce did not identify anything in the TWU proposal to prevent the problem of oversaturating the market 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 drivers with low stand dues to transfer out of compliant companies into the new company, and requiring further backfilling. The City has a history of this when Union Cab started operations and quickly became the second largest company in the City.

FISCAL IMPACT: There is no fiscal impact on the City government. As described above, in regard to the new State Code provisions, there should be a protective fiscal impact on drivers and the taxicab companies. Such a protective impact will benefit taxicab riders.

ATTACHMENTS:

Attachment 1: Ordinance Cover

Attachment 2: Ordinance

Attachment 3: Resolution 2558

Attachment 4: 2013 Taxicab Taskforce Report

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