

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	October 27, 2008
	Agenda Item No. 46 Roll Call No. 08- Communication No. 08-660 Submitted by: Jeb E. Brewer, P.E. City Engineer	

AGENDA HEADING:

Amending Chapter 126 of the Municipal Code regarding taxicab regulations.

SYNOPSIS:

Recommend approval of several changes to the taxicab regulations. The regulations retain the requirements for any taxicab service to provide an overall service to the public; maintain a place of business, properly zoned; operate a dispatch service; answer all calls for service within the city; and many other requirements, which are in general conformance with the recommendations of the Taxi, Limousine, and Paratransit Association (TLPA). The changes would reduce the insurance requirements from \$1.5 million to \$750,000; reduce the minimum number of vehicles from eight to five and the minimum number of drivers from ten to six; add a section that would allow an association of taxicab owners who could furnish taxicab service as an operating group; and establish a maximum age of ten years for any vehicle used as a taxicab. These changes are intended to continue adequate regulations to provide quality taxicab service for the public, including service in residential neighborhoods, for short trips and to elderly, frail, or disabled passengers, while creating additional options and potentially reduced costs for a taxicab company to provide service in Des Moines.

In addition, the existing taxicab companies (Yellow and Capitol, operated by TransIowa, Inc.) have requested an increase in some of the taxicab maximum rates to offset higher operating costs due to high fuel costs, and the recommended changes would establish higher maximum rates that taxicab companies could charge.

At the October 13, 2008 City Council meeting additional issues of concern were raised. In response to those concerns, staff recommends several generally minor changes to the proposed taxicab regulations:

- Adding a three-year period (until January 1, 2011) for the requirement that all taxicab vehicles be no greater than ten years old.
- Changing the requirement that a taxicab company have four of its required five required taxicabs “in operation at any time” to having them “available to respond into operation at all times.”
- Reinserting language that emphasizes that a certificate holder is treated as an owner under certain sections.

FISCAL IMPACT: NONE

Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

Like many other cities throughout the country, the City of Des Moines regulates vehicles for hire, under Chapter 126 of the Municipal Code. These regulations include taxicabs, limousines and paratransit, but exclude hotel/motel “courtesy” vehicles, ambulances and other emergency vehicles, funeral hearses, and DART buses and other buses licensed by the State. The regulations also do not cover animal-drawn vehicles. The taxicab regulations cover both taxicab drivers and taxicab companies.

Taxicab Drivers

Taxicab drivers must obtain an annual taxicab drivers license. An applicant for a taxicab driver’s license must file an application with the city traffic engineer. This application includes detailed background information, including a copy of any criminal record from the State Division of Criminal Investigation (DCI) and a copy of their driving record from the Iowa Department of Transportation (IDOT). The police department reviews the criminal and driving records and recommends approval or denial. The city traffic engineer reviews the application and the police department recommendation, and, must issue a license if the applicant meets the requirements, or must deny a license if the applicant does not meet the requirements. If the license is denied, the applicant may appeal the decision to the City Council, and the Council can deny the license, issue the license, or issue the license on a probationary basis.

The existing taxicab driver’s license requirements, and the process for reviewing and issuing licenses, are thorough and well tested. No licenses issued by the City Council on a probationary basis have had a subsequent violation. Liability insurance required for the taxicabs is provided by the taxicab company, and not the individual driver. Based on the above factors, no changes are recommended in the taxicab driver’s license regulations.

Taxicab Regulation

Staff members have researched taxicab ordinances in other cities as well as studies of taxicab regulations and the impacts of taxicab deregulation. During the 1960’s and 1970’s, a number of cities deregulated their taxicab service, following a national trend of deregulation of transportation in the trucking and airline industries. In general, many cities experienced an oversupply of taxicabs with open entry, which led to deteriorating service. A major study reported that removal of entry controls often induced an excessive influx of independent operators, who were attracted by low entry costs, the opportunity to service “guaranteed” trips at a cabstand and the opportunity to work for oneself. The study found that in cities with large cabstand and street hail markets, “open entry has consistently led to an oversupply of cabs and deterioration in service quality. Proliferation of cabs creates a dysfunctional taxi system that spreads fare revenues too thinly across the industry to support quality drivers, vehicles and dispatch systems and creates incentives for drivers to shun less profitable trips.”

The study further found that “as a result of oversupply and deteriorating service, most cities that were deregulated at one time or another have adopted entry restrictions.” These taxicab regulatory systems establish entry qualifications for drivers and/or companies and may limit the number of taxicabs through a medallion or permit system or through a franchise or certificate system.

Taxicab Companies in Des Moines

Des Moines has for many years regulated taxicab service, with entry qualifications for both drivers and companies and a determination of the need for additional taxicab service. Prior to operating on the

streets of Des Moines, any taxicab company must obtain a “Certificate of Public Convenience and Necessity” as well as an annual company license and annual license for each vehicle. A certificate can only be issued after the City Council has held a public hearing and considered the information from the applicant. If the City Council determines that further taxicab service is required for the public convenience and necessity, and that the applicant is fit, willing, and able to provide public transportation, then they direct the city traffic engineer to issue a certificate. If the Council denies the application, they must state the reason for the denial.

The current regulations require that a taxicab company must provide an overall service to the public, and further require that they shall: maintain a central place of business 24 hours a day; be properly zoned; dispatch taxicabs only through a centralized dispatch service; answer all calls for service inside the city; and not refuse to accept a call or deny service to any orderly passenger along with a number of other requirements. These requirements are in close conformance with the recommendations of the TLPA, and are important in having quality taxicab service for the public, including service in residential neighborhoods, for short trips and to elderly, frail, or disabled passengers.

Proposed Changes

A very significant feature that distinguishes full taxicab service from individual taxicab operation is the requirement for a dispatch service. While this basic requirement for dispatching taxicabs is recommended to be retained, it is also recommended to be modified to allow any method which accurately records and retains detailed information about each call for service and each trip, including but not limited to: time of call for service; address of the origin and destination of the trip; the time the trip was dispatched; and the time the trip was started (taximeter activated) and ended.

There are some other existing regulations that are recommended for change, including insurance requirements, minimum number of vehicles and drivers, allowing an association of taxicab owners who could provide taxicab service as an operating group, reducing the requirements for a central place of business open 24 hours a day and establishing a maximum age for any taxicab. The existing insurance requirement of \$1.5 million is substantially higher than the requirements in many other Midwest cities, and it is recommended to reduce this requirement to \$750,000. In order to provide an adequate level of service to a city the size of Des Moines’, a minimum number of vehicles and drivers are necessary. The existing minimum requirements may be higher than needed, so it is recommended to reduce the minimum number of vehicles from eight to five and the minimum number of drivers from ten to six.

Several other cities allow an association of taxicab owners to furnish taxicab service as an operating group, and it is proposed to add this feature to Des Moines regulations. As proposed, an association could be allowed to obtain a certificate if the City Council determined that additional taxicab service was needed, and the association applying for a certificate was fit, willing, and able to provide such service. The association would be responsible to meet all obligations of the City requirements for a holder of a certificate. If the association or any of its members did not operate in compliance with the regulations, the City Council could suspend or revoke the certificate in the same manner that Council could suspend or revoke the certificate of any other certificate holder.

An important component of quality taxicab service is the professional appearance and conduct of taxicab drivers. The current ordinance provides that the taxicab companies are to establish and enforce standards for dress, appearance and conduct for their drivers. It is recommended that this section be retained, and that the City Traffic Engineer would make sure that this requirement is being met.

The current regulations require that any taxicab vehicle comply with the Motor Vehicle Code, State and City laws; be clean and sanitary, inside and outside; be in excellent mechanical condition, with no defects; properly inflated, safe tires, and some other requirements. It is recommended to establish a maximum age of ten years for any vehicle used as a taxicab, and require all of the vehicle's standard safety features to be in proper working order.

Proposed Rate Changes

In addition, the existing taxicab companies (Yellow and Capitol, operated by TransIowa, Inc.) have requested an increase in some of the taxicab maximum rates to offset higher operating costs due to high fuel costs. Taxicab rates have not changed since at least 1999, and recent increases in fuel costs and other items have substantially increased overall operating costs. The recommended changes would establish higher maximum (and minimum) rates that taxicab companies could charge, as follows:

- Base rate (flag drop) - increase from \$2.00 to \$2.50 (min. from \$0.90 to \$1.00)
- Additional charge per mile - increase from \$1.80 to \$2.00 (min. stay at \$1.00)
- Additional passenger over 12 years – no change
- Waiting time, per minute - increase from \$0.35 to \$0.42 (min. from \$0.20 to \$0.25)
- Insurance surcharge – delete and include in the base rate
- Night surcharge (10 pm to 4 am) – increase from \$1.00 to \$2.00 / trip
- Airport additional fare (\$0.50 / passenger) – no change
- Excess expense surcharge of \$1.00 by Council resolution – no change

Summary

Regulation of taxicabs is necessary to enhance the safety of passengers, ensure that a fair price is charged for the service, and to provide quality taxicab service for all segments of the public. Several substantial changes are recommended to the current regulations. These changes are intended to continue adequate regulations to provide quality taxicab service, while creating additional options and potentially reduced costs for a taxicab company to provide service in Des Moines, and to allow an increase in some of the taxicab maximum rates to offset higher operating costs due to high fuel costs.

On October 1, City staff held a public meeting on the draft taxicab ordinance revisions. All persons and companies known to have an interest were invited and provided copies of the draft revisions. Representatives from TransIowa, Freedom Taxi and Alpha Taxi attended the meeting and provided comments regarding several of the proposed revisions.

At the October 13, 2008 council meeting, during first consideration of the proposed amendments to Chapter 126 of the Municipal Code regarding taxicabs, Bill Chaney of Alpha Taxi raised three concerns that he asserted were “road blocks” that still exist in the taxicab ordinance, even if the proposed amendments are passed.

Following the October 13 Council meeting, staff has met with representatives from both TransIowa, Inc. and Freedom Cab, who raised some additional concerns with specific provisions in the ordinance changes presented to Council. In response to those concerns, staff recommends several generally minor changes to the proposed taxicab regulations: (1) adding a three-year period (until January 1, 2011) for the requirement that all taxicab vehicles be no greater than ten years old; (2) change the requirement that a taxicab company have four of its required five required taxicabs “in operation at any time” to having

them “available to respond into operation at all times”; and (3) reinserting language that emphasizes that a certificate holder is treated as an owner under certain sections.

The proposed three-year “grace period” to meet the requirement that all taxicab vehicles be no greater than ten years old is reasonable, since there has not been any age restriction in the current ordinance. All the other requirements for vehicle condition and safety will remain in effect. The requirement to have four of the five minimum required taxicabs in operation at any time does not appear to be necessary during periods of very low taxicab demand, and the change to having them available to respond into operation at all times should allow more flexibility and efficiency in taxicab operation. The final issue of reinserting language that a certificate holder is treated as an owner under certain sections should help clarify the added option of allowing an unincorporated association.

PREVIOUS COUNCIL ACTION(S):

Date: October 13, 2008

Roll Call Number: 08-1779

Action: Amending Chapter 126 of the Municipal Code regarding Taxicab regulations. (Council Communication No. 08-619) Moved by Hensley that this ordinance be considered and given first vote for passage. Refer to the City Manager to provide an explanation of the rationale staff used to make these recommendations. Place this on the October 27, 2008 agenda for final consideration. Motion Carried 7-0.

Date: April 21, 2008

Roll Call Number: 08-696

Action: From Council Members Hensley and Mahaffey to discuss taxi cab license procedures. Moved by Mahaffey to refer to the City Manager for review and recommendation. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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