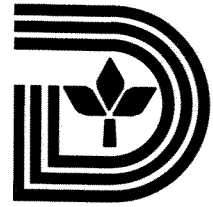


Memorandum



CITY OF DALLAS

DATE June 5, 2009

TO Members of the Transportation and Environment Committee:
Linda L. Koop (Chair), Sheffie Kadane (Vice Chair), Jerry R. Allen, Carolyn R. Davis, Vonciel Jones Hill, Angela Hunt, Pauline Medrano and Ron Natinsky

SUBJECT Taxicab Issues Status Report – Temporary Modification of Insurance and Age Limit Requirements Briefing

Attached is the "Taxicab Issues Status Report – Temporary Modification of Insurance and Age Limit Requirements" briefing that will be presented to you June 8, 2009.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'R. Miguez'.

Ramon F. Miguez, P.E.
Assistant City Manager

- c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas P. Perkins, Jr., City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest Turner, Interim Assistant City Manager
David Cook, Chief Financial Officer
Jeanne Chipperfield, Director, Budget and Management Services
Edward Scott, Director, Controller's Office
Helena Stevens-Thompson, Assistant to the City Manager – Council Office
Rick Galceran, P.E., Director, Public Works and Transportation

Taxicab Issues Update: Temporary Modification of Insurance and Age Limit Requirements

Briefing to the Transportation and Environment Committee

Prepared by
Transportation Regulation Program
Public Works and Transportation
June 8, 2009





Purpose of Briefing

- Provide an update on the formation and work plan for the Taxicab Task Force
- Brief the Committee on a proposal to provide a temporary modification of insurance and age limit requirements
- Obtain Committee recommendation to:
 - Move the insurance/age limit proposal forward to the full Council for consideration on 6-24-2009
 - Encourage the DFW Airport Board to take similar action if the full Council approves the measure



Taxicab Task Force

- Policy Group
 - The Policy Group will meet as needed to provide feedback to the Working Group and determine when recommendations are ready to be carried forward to decision-makers at their respective agencies.
- Work Group
 - The Working Group will debate the issues, develop supporting information and work to achieve consensus on recommendations. It is anticipated that the Working Group will meet twice a month. Recommendations from the Working Group will be presented to the Policy Group as they are developed.



Taxicab Task Force Policy Group Members

- City of Dallas
 - Sheffie Kadane – Chair (Councilmember)
 - Tennell Atkins – Vice Chair (Councilmember)
- City of Fort Worth
 - Jungus Jordan (Councilmember)
 - Joel Burns (Councilmember)
- DFW International Airport
 - Bernice Washington (Board Representative)
 - Jim Crites (Executive Vice President for Airport Operations)
- North Central Texas Council of Governments
 - Michael Morris (Director of Transportation)



Taxicab Task Force Work Group Members

- Taxicab Industry Representatives (17)
 - Dallas/Fort Worth Companies (13)
 - Non-Dallas/Fort Worth Companies (1)
 - Association of United Taxi Operators - AUTO (3)
- Hospitality Industry (2)
 - Brooke Dieterlen (Hotel Association)
 - Casandra Matej (Convention and Visitors Bureau)
- City of Dallas (2)
 - John Brunk (Assistant Director)
 - Gary Titlow (Program Manager)
- City of Fort Worth (2)
 - Mike Robinson (Assistant Director)
 - Gerald Taylor (Ground Transportation Coordinator)
- DFW International Airport (2)
 - Alan Parra (Vice President of Operations)
 - Jeff Clevenger (Senior Ground Transportation Manager)
- North Central Texas Council of Governments (2)
 - Michelle Bloomer (Program Manager)
 - Jesse Huddleston (Transportation Planner)



Taxicab Companies - Dallas

Company	Number of Authorized Taxicabs	Percentage of Total Authorized Taxicabs
Alamo	45	2.2%
Ambassador	123	6.1%
Cowboy	201	9.9%
Eagle	55	2.7%
Executive	223	11.0%
Freedom	70	3.5%
Golden	68	3.4%
Jet	82	4.1%
Ranger	105	5.2%
Star	87	4.3%
State	33	1.6%
Taxi Dallas	106	5.2%
Yellow	824	40.8%
Total	2022	100%



Issues Raised by AUTO

- Spokespersons for the Association of United Taxi Operators (AUTO) first addressed the Council on 3-25-2009
- Issues/requests included:
 - Lower insurance requirement to \$50,000 CSL
 - Increase the age limit of taxicabs to 8 years
 - Remove the limit on the number of taxicabs that can be authorized in Dallas
 - Investigate the “monopolistic practices” of Yellow Cab
 - Ensure equal enforcement of City ordinances regarding different for-hire transportation services



Ongoing Taxicab Initiatives

- Development of a regional regulation approach for taxicabs and other for-hire transportation services
- Conversion of taxicab fleet to “clean “low emission” vehicles
- Implementation of a taxicab limit at DFW International Airport
- Improvements in the overall quality of taxicabs and service



Economic Recession

- Economic recession has adversely affected the taxicab business that is largely dependent on the hospitality industry
 - Airport passengers down
 - Airport taxicab dispatches down
 - Hotel occupancy down

Airport Passengers

DFW International Airport and Love Field

Time Period	Average Annual Passengers	Percentage Change
1999-2000	67,349,298	-12.92%
September 11, 2001		
2002-2003	58,646,820	
2006-2007	67,418,847	-12.46%
Current Economic Recession		
2009	59,019,587*	

* Straight line estimate for 2009

Airport Taxicab Dispatches

Time Period	Average Annual Dispatches	Percentage Change
1999-2000	980,710	-34.7%
September 11, 2001		
2002-2003	640,012	
2006-2007	758,112	-26.6%
Current Economic Recession		
2009	556,328*	

*Straight line estimate for 2009



Hotel Occupancy

Time Period	Average Occupancy	Percentage Change
1999-2000	66.5%	-11.6%
September 11, 2001		
2002-2003	54.9%	
2006-2007		
2006-2007	66.5%	-8.5%
Current Economic Recession		
2009	58.0%*	

*Partial year rate for 2009



Insurance – History

- Prior to 1991 – \$500,000 CSL
- 1991 – Reduced to \$300,000 CSL – taxicab company request to increase number of insurance carriers willing to provide coverage for taxicabs
- 1996 – Increased to \$500,000 CSL – DFW Airport regulation operation transferred from City to DFW Airport – Airport had \$500,000 CSL
- 2003 – Reduced to \$100,000 CSL for six months – taxicab company request to increase number of insurance carriers willing to provide coverage for taxicabs
- Current – \$500,000 CSL

Minimum Liability Insurance Texas Cities

City	Liability Insurance
Dallas-Fort Worth	\$500,000 CSL
Austin	\$100,000/\$300,000/\$25,000
Houston	\$25,000/\$50,000/\$25,000
San Antonio	\$25,000/\$50,000/\$25,000
El Paso	\$25,000/\$50,000/\$25,000

CSL stands for Combined Single Limits, the maximum that will be paid out for any one accident for liability and/or property damage. A \$25,000/\$50,000/\$25,000 insurance requirement stands for limiting the insurance liability to \$25,000 for any one person or \$50,000 for all people in any one accident, and \$25,000 for property damage.

Minimum Liability Insurance Top 20 Most Populous Cities

City (Rank)	Liability Insurance
Dallas (9) – Fort Worth (19)	\$500,000 CSL
San Francisco (14)	\$500,000 CSL
Los Angeles (2)	\$350,000 CSL or \$100,000/\$300,000/\$50,000
Chicago (3)	\$350,000 CSL
New York (1)	\$300,000 CSL
San Diego (8)	\$300,000 CSL
Detroit (11)	\$300,000 CSL
Jacksonville (13)	\$300,000 or \$125,000/\$250,000/\$50,000
Austin (16)	\$100,000/\$300,000/\$25,000
Indianapolis (12)	\$100,000 CSL
Columbus (15)	\$100,000 CSL
Memphis (17)	\$50,000 CSL or \$20,000/\$40,000/\$10,000
Charlotte (20)	\$30,000/\$60,000/\$25,000
Houston (4)	\$25,000/\$50,000/\$25,000
San Antonio (7)	\$25,000/\$50,000/\$25,000
Baltimore (18)	\$25,000/\$50,000/\$15,000
Philadelphia (5)	\$15,000/\$30,000/\$5,000
Phoenix (6)	\$15,000/\$30,000/\$10,000
San Jose (10)	\$15,000/\$30,000/\$5,000

Claim History

Sample of Small Companies

Company (Number of Taxicabs)	Time Period	Number of Claims	Average Loss per Claim
Alamo (60)	2005-06	2	\$5,695
	2006-07	4	\$2,925
	2007-08	4	\$3,551
	2008-09	4	\$0
Ambassador (193)	2005-06	19	\$4,323
	2006-07	28	\$3,119
	2007-08	27	\$3,738
	2008-09	17	\$31,455
Star (87)	2005-06	20	\$3,677
	2006-07	22	\$6,343
	2007-08	21	\$2,590
	2008-09	10	\$2,585



Insurance Proposal

- Reduce minimum liability insurance requirement for taxicabs from \$500,000 CSL to \$100,000 CSL for a period of one year effective upon Council approval



Why do it?

- Dallas' insurance requirement is at the high end among both Texas cities and nationally indicating that some risk associated with a lower insurance requirement can be tolerated in the marketplace
- Insurance costs are a significant part of a small company's cost structure – reducing minimum liability requirement provides some immediate relief in a depressed economy
- It tests the insurance market to see if additional insurance companies will enter the market to provide additional competition and to see how much insurance premiums can be lowered – this could reveal how much capital could be freed up for taxicab companies to invest in improved service



Age Limit - Purpose

- Age limit is a measure used in combination with inspections to help ensure the quality of vehicles that are licensed for use as taxicabs
- City Code currently establishes the age limit of taxicabs at 5 years



Age Limit - History

- 1976 – 5 year age limit rule adopted
- 1979 – exception allowed for vehicle in exceptional condition
- 1984 – age limit changed to 8 years
- 1985 – age limit changed back to 5 years
- 1992 – cabs on stand were grandfathered
- 1996 – schedule to remove cabs older than 5 years
- 1996 – alternative fuel cabs allowed 2 extra years
- 1997 – all cabs older than 5 years removed from fleet
- 2002 – one year extension approved for all vehicles on fleet in response to economic impact of 9/11

Maximum Age Limit Texas Cities

City	Age Limit
El Paso	9 years
Austin	8 years / 10 years for "accessible" taxicab
San Antonio	8 years / 7 years for "airport" taxicab
Houston	6 years
Dallas-Fort Worth	5 years / 7 years for "clean" taxicab

Maximum Age Limit

Top 20 Most Populous Cities

City (Rank)	Age Limit
San Diego (8)	None
Detroit (11)	None
Jacksonville (13)	None
Columbus (15)	None
Memphis (17)	None (proposal going to council July 2009 for 10 year age limit)
San Jose (10)	10 years or 400,000 miles
Indianapolis (12)	10 years
Baltimore (18)	10 years
Charlotte (20)	10 years
Los Angeles (2)	9 years / 10 years for "accessible" taxicab
Philadelphia (5)	8 years or \$250,000 miles
San Antonio (7)	8 years / 7 years for "airport" taxicab
San Francisco (14)	8 years or 350,000 miles (on 1-1-10 > 7 years and on 1-1-11 > 6 years)
Austin (16)	8 years / 10 years for "accessible" taxicab
Houston (4)	6 years
Phoenix (6)	6 years
New York (1)	5 years / 7 years for "clean" taxicab
Chicago (3)	5 years / Option for 1 year extension
Dallas (9) – Fort Worth (19)	5 years / 7 years for "clean" taxicab



Age Limit Proposal

- Provide a one year extension from five years to six years for all vehicles on the taxicab fleet effective upon Council approval



Why do it?

- Council action after 9/11 indicated a recognition that economic recession puts a hardship on taxicab companies and drivers
- One year extension in 2002 did not result in any measureable increase in complaints about taxicab quality



Summary

- Temporary modification of insurance and age limit requirements provides economic relief to taxicab companies and drivers
- Both minimum insurance and vehicle age limit requirements will be evaluated by the Taxicab Task Force and final recommendations developed
- Modifications will provide a test environment where the impact of these changes can be evaluated by the Task Force



Next Steps

- Schedule Council agenda item(s) for June 24, 2009:
 - Ordinance modifying City Code to lower the taxicab insurance requirement to \$100,000 for one year
 - Resolution providing a one year age limit extension for taxicabs currently on the fleet
- DFW Airport will be asked to consider implementing these changes if approved
- The Taxicab Task Force will begin meeting in July 2009