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June 12, 2008

Special Public Safety Committee
ATTN: Honorable Vice Mayor Larry Reid
Oakland City Hall
1 Frank H. Ogawa Plaza
Oakland, CA 94612

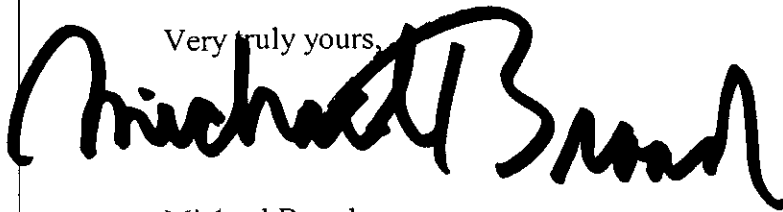
RE: Veterans Cab's Responses to Proposed Taxicab Ordinance

Honorable Vice Mayor Reid:

Pursuant to the Safety Committee's request, enclosed please find Veterans Cab's responses, some of which we agree to, to each item of the proposed changes to Oakland Municipal Code Chapter 5.64. If the committee would like to see any documentation that supports statements contained in Veterans's Response, we will be happy to provide the same.

If you have any questions or concerns, please do not hesitate to contact this office.

Very truly yours,



Michael Broad
Attorney at Law

MB/lr
encl.
cc: Veterans Cab

**VETERANS CAB CORPORATION
RESPONSE TO TAXICAB ORDINANCE AMENDMENT**

1(A) REQUIRE COMPANIES HOLDING A FLEET MANAGEMENT PERMIT THAT UTILIZE TWO OR MORE TAXIS TO PROVIDE PROOF THAT PERMITTED TAXIS ARE DRIVEN BY EITHER THE PERMITTEE OR EMPLOYEES OF THE FLEET MANAGEMENT COMPANY.

Veterans Response: Clarification needed. Veterans owns 29 permits as well as leases 13 permits from their owners. Veterans has independent contractor drivers. The National Labor Relations Board as well as the Alameda County Superior Court have found that Veterans drivers are NOT employee drivers. Veterans will supply legal opinions upon request. Another concern. Will this requirement only apply to newly issued permits or to permits held by their owners for many years?

(B) REQUIRE COMPANIES TO PROVIDE TO DRIVERS RECEIPTS FOR FEES PAID TO THE COMPANY BY THE DRIVERS

Veterans Response: In agreement. Veterans provides receipts upon fees being paid.

(C) REQUIRE COMPANIES TO PROVIDE DRIVERS WITH DOCUMENTATION ON INSURANCE CLAIMS FOR ACCIDENTS INVOLVING A DRIVER

Veterans Response: In agreement.

(D) REQUIRE CAMERAS IN TAXICABS THAT DO NOT HAVE SAFETY SHIELDS AND PROHIBIT RETREAD TIRES.

Veterans Response: In agreement. Veterans has shields in most street cabs (and all night drivers drive with shields) but does not have shields in airport cabs. Why? 1) Concerns for driver safety from airport clients are not the same as for street drivers 2) airport cab drivers do not want, nor do they need shields 3) tourists and business people who arrive into OAK feel uncomfortable and a sense of insecurity about the city they are entering when they enter a cab with a shield 4) tourists like to get information from taxi drivers and shields make communication difficult and 5) shields reduce leg room as airport customers can travel long distances. Given the costs of cameras, if required, Veterans will, if required, install shields in its airport cabs.

As for tires, Veterans doesn't use retread tires.

(E) REQUIRE IN-CAB SIGNAGE INFORMING PASSENGERS OF THEIR RIGHTS AND THE PROCEDURE FOR FILING COMPLAINTS.

Veterans Response: In agreement.

(F) REQUIRE GPS SYSTEMS IN TAXICABS

Veterans Response: This is an added cost for the taxi company. Not only has gas costs skyrocketed, but so has costs for oil, insurance, maintenance and labor, all of which is paid by the company. GPS systems are costly. Suggestion: Taxi Detail provide more comprehensive training and testing on map reading, knowledge of Oakland streets and location of significant buildings.

(G) ESTABLISH ADDITIONAL DRIVER TRAINING REQUIREMENTS.

Veterans Response: In agreement. Suggestion: Taxi Detail work with companies and individual drivers willing to participate, to design a more comprehensive training and testing program.

(H) ISSUE PERMITS ON THE BASIS OF SERVICE PROPOSALS, INSTEAD OF BY LOTTERY.

Veterans Response: In agreement.

(I) INCREASE BASIC FARE COMPONENTS, ADD NEW FARE COMPONENTS AND AUTHORIZE COLLECTION FROM PASSENGERS OF ALL MANDATORY FEES PAID BY DRIVERS.

Veterans Response: In agreement in part and clarification needed. Veterans agrees with the collection of any bridge fees or airport fees that the driver must pay. Does this include the 10% fee the driver pays Veterans for credit card charges? This 10% charge compensates Veterans for 1) employee time taken to receive credit approval 2) Veterans pays approximately \$1 for each voice authorization 3) employee time to input into credit card machine 4) stack of 50-60 cards takes 1-2 hours to process 5) Veterans is charged a 4-5% bank fee 5) driver given immediate reimbursement while Veterans waits for reimbursement from credit card company and 6) other costs that Veterans must absorb. Veterans accepts credit cards, not because it makes money off the transaction, but because the market demands it. Drivers also have an option of opening a credit card account with their respective banks. Airport drivers must credit cards as dictated by airport authorities.

(J) PLACE A TEMPORARY FREEZE ON THE TAXICAB LEASE RATES CHARGED BY TAXI COMPANIES TO DRIVERS.

Veterans Response: Strongly disagree. One can buy a large cup of coffee at a convenience store for anywhere from 75 to 99 cents. A large cup of house coffee at Starbucks costs \$1.75. Why? Quality and service. Veterans has full time mechanics on duty 6 days a week. Veterans has an operating manager on duty 7 days a week. Veterans has a fleet manager on duty 5 days a week. While this staffing provides a stable service base and creates an organization

responsive to the needs of the community, the taxi detail and the city itself, the costs for this staffing has increased, not decreased, over time.

As for out of pocket costs, gas prices are not the only prices that have skyrocketed in recent years:

- Insurance liability rates have increased 46.5% from 2002.
- Cost for oil has greatly increased. Oil that used to cost \$11 a case at Costco, now costs \$20 a case.
- Tires used to cost \$35, now Veterans pays wholesale, \$55.
- Wages for mechanics and dispatcher have increased 20% in the last two years.
- Rent for Veteran's office and garage and mechanics bay has gone up 5% each year for the last 5 years.
- Meter inspection has gone from \$36 in 2000 to \$124 in 2008 with more increases scheduled for the future.
- All auto supplies and parts have increased in cost. For example, the City requires cabs to be nearly scratch free. To comply, Veterans must paint or touch up its cabs with regularity. In the last 6 months, the cost of solvents, resins, propellants, and containers have greatly increased.

In addition, because of the weakening economy and lack of business, Veterans charges less for a lease than it did 10 years ago, from \$450-\$500 a week for a street cab to today's rate of \$350-\$450 a week

Lastly, the City of Oakland has some misinformation about the difference between lease fees in San Francisco and Oakland. San Francisco is a much different market. In San Francisco, a driver CANNOT lease a cab for week, he or she must lease a cab only for a 10 hour shift, either in the day or the night, assuming a cab is available. The cost for the Monday through Friday day shift is \$96.500 (to \$110) while Saturday/Sunday day shift is \$70.50. Monday night shift is \$83.50. Tuesday and Wednesday night \$96.50. Thursday/Friday/Saturday night shift \$122.50. If one were to lease a night cab in San Francisco-for a week (and remember, that is only for 10 hours, not 24 hours), it will cost the driver at least \$727.50, as compared to the \$350-\$450 charged by Veterans (and remember, that's for a 24 hour, seven days a week period)

(K) AUTHORIZE ADMINISTRATIVE CITATIONS FOR VIOLATIONS OF THIS CHAPTER.

Veterans Response: Veterans would like to review the citations and to whom those citations would be given. For example, the National Labor Relations Board as well as the Alameda County Superior Court has found that Veterans drivers are independent contractors. Veterans or its dispatchers should not be cited for driver violations or failure to pick up an accepted call. Veterans drivers, like the 99 other medallion holders in the City, are independent businessmen.

The City is concerned about complaints from its citizens not getting a cab when a call is placed and a dispatcher informs the customer that a cab has indeed been dispatched. Veterans is concerned about complaints as well, and works with the City and Taxi Detail to investigate and attempt to resolve the complaint. However, the City cannot look at the complaints at face value.

Reference is made to a Veterans dispatcher telling a customer that they do not service 3rd Ave and 18th St. Hogwash. This is part of the downtown area and is a vital service component for the taxi industry. Could this complaint have been made from the one well-known customer at the Baggy's bar who calls four cab companies late in the evening and waits for the first one to arrive? Other complaints might involve areas of the city where drivers fear for their life. Some complaints may come from customers who use a taxi to go to the Laundromat, and complain when the driver doesn't carry the multiple loads of laundry into the Laundromat, or in the same vein, the customer who walks to the store, and calls a cab to be driven home with a weeks worth of groceries and complains when the driver won't put the bags into the cab or into carry them into their home. Veterans would like more details about these complaints received by the City.

Veterans has a modern computer dispatch system. If a driver rejects a call, the call automatically goes to the next driver in the queue. Other companies have different dispatch systems that do not automatically offer the rejected call to the next driver in the queue. Again, dispatchers at Veterans nor the company should be cited for driver rejections of calls. The City is placing the burden on Veterans with its 29 medallions while the other 99 independent cab companies have little responsibility or accountability as far as service is concerned, particularly during the less desirable hours of operation. .

(L) ESTABLISH A PROCESS AND A FEE FOR THE ESTABLISHMENT AND MAINTENANCE OF TAXI STANDS.

Veterans Response: Veterans would like to review the process and fees before it responds.

(M) REQUIRE THAT PERMITS ISSUED AFTER JUNE 1, 2008 BE DRIVEN A MINIMUM NUMBER OF HOURS AND DAYS PER YEAR BY THE PERMIT HOLDER OR BY EMPLOYEES OF THE PERMIT HOLDER.

Veterans Response: Veterans needs more information. Veterans has drivers who are independent businessmen. Veterans owns 29 permits. It does its best, as can be confirmed by the Taxi Detail, to keep all its cabs (excluding the 2 spare cabs) on the road. This is done by a combination of a qualified maintenance staff and aggressive marketing to attract drivers ie., and reduced lease fees.

(N) ALLOW REVOCATION OF VEHICLE PERMIT IF VEHICLE IS NOT USED MORE THAN 10 (TEN) DAY IN ANY 30 (THIRTY) DAY PERIOD.

Veterans Response: Veterans needs more information and clarification. Veterans agrees with the present system of 10 consecutive days within a 30 day period. Is this new proposal made to ensure that all medallions are being utilized? Is this proposal made because of the complaints received about service from citizens? As noted above, Veterans works with the Taxi Detail to use keep all cabs in operation except for two spare cabs. In addition, if the economy continues to worsen, how can any cab company that provides 24/7 service to the citizens of Oakland, adhere

to even more stringent changes to this ordinance. Veterans strongly suggests to keep this ordinance as it presently stands.

(O) PROVIDE PROMPT HEARING ON SUSPENDED PERMITS.

Veterans Response: In agreement.

(P) AUTHORIZE CITY ADMINISTRATOR TO ESTABLISH A GASOLINE SURCHARGE SHOULD GASOLINE PRICES WARRANT.

Veterans Response: In agreement as the City is begun this process. However, Veterans recommends that the meter rate also be tied to or reflect the Consumer Price Index.

(Q) REQUIRE COMPANIES OF 10 OR MORE VEHICLES TO SUBMIT A PLAN FOR 24 COVERAGE OF CITY.

Veterans Response: Veterans supplies coverage for Oakland 24/7. Given the administrative costs of wages and workers' compensation benefits, how can a cab company with only 10 cabs be responsible for 24 hour service? In addition, there are almost 100 medallions owned by individuals. Do these individuals share in the responsibility for providing service during all time periods, including the majority of the time periods that are less desirable? Many of these individuals work only peak periods and pursue other business opportunities during the less desirable time periods i.e., the majority of the time periods.

(R) ALLOW TRANSFER OF VEHICLE PERMITS ONLY WITH SALE OF COMPANY, WITH NO CONSIDERATION FOR THE PERMIT.

Veterans Response: Agree in part. For newly issued medallions or lotto medallions, Veterans has no problem with this restriction. However, Veterans strongly opposes this restriction on medallions issued years ago. Veterans leases medallions from drivers who themselves have driven for many years. These drivers should be able to get some return on their investment.

(2) A RESOLUTION THAT PUBLIC CONVENIENCE AND NECESSITY REQUIRES THE ISSUANCE OF FOURTEEN (14) NEW TAXI MEDALLIONS FOR RAMPED TAXICABS AND THIRTY-SIX (36) NEW TAXI MEDALLIONS FOR STANDARD VEHICLES AND AUTHORIZING THE CITY ADMINISTRATOR TO REQUEST PROPOSALS IN ORDER TO AWARD THE NEW MEDALLIONS ON THE BASIS OF PROPOSALS THAT BEST MEET THE TAXI SERVICE NEEDS OF THE CITY OF OAKLAND.

Veterans Response: Agree in part. Is there enough business to warrant the issuance of 36 new medallions for standard vehicles? Veterans is having difficulty finding drivers to lease cabs at the present time given the continued downturn in the economy. Veterans has reduced lease fees in order to attract drivers and keep all cabs operational. Other than those few companies that provide 24/7 coverage, will any of these 36 newly issued medallions be used by drivers during

less desirable periods from 9 p.m. to 4 a.m. or 9 a.m. to 3 p.m.? Or will they cherry pick the best hours of operation. Lastly, are complaints received by the City generated because of a lack of cabs on the road, or for other reasons as outlined above?

(3) AN ORDINANCE AMENDED NUMBER 128C.M.S. (MASTER FEE SCHEDULE) AS AMENDED, TO ESTABLISH AN INSPECTION FEE FOR TAXICAB INSPECTIONS REQUIRED IN EXCESS OF THE ONE INSPECTION INCLUDED IN THE INITIAL PERMITTING AND ANNUAL PERMIT RENEWAL PROCESS.

Veterans Response: Agree in part. Veterans asks that the City allow one free re-inspection then charge for all subsequent re-inspections thereafter. A taxicab can fail inspection for a variety of minor problems including 1) the degree of air conditioner coldness 2) minor scratches or dents (which can occur on the way to an inspection) 3) radio reception is poor/scratchy 4) safe in car has no locks, etc...