

CITY OF OAKLAND

AGENDA REPORT

2007 FEB 27 PM 7:36

TO: Office of the City Administrator
ATTN: Ms. Deborah Edgerly
FROM: Administrative Hearing Officer
DATE: February 27, 2007

RE: Action on a Report and Recommendations on the Current Structure of Oakland's Taxi Industry, Problems Reported to the City Regarding Taxis, Results of Oakland Municipal Code (OMC) Mandated Biennial Taxi Hearing, and Recommendations for Amendments to Certain Sections of Oakland's Taxi Ordinance

SUMMARY

Oakland Municipal Code (OMC) section 5.64.110 mandates that the City conduct a hearing every even numbered year on "the number of taxicab permits for which public convenience and necessity exists." The hearing was held October 11, 2006, and this report presents the issues raised at the hearing.

In addition, the appeals, by both Yellow Cab Company and the East Bay Driver Association, of the Administrative Hearing Officer's decision to revoke ten of Yellow Cab's vehicle permits on the basis of disuse has brought to the attention of the City Council some of the problems within the operation of Oakland's taxis. At the request of the Rules Committee, this report will also A) summarize the current structure of the taxi business, B) describe problems that have been brought to the attention of the City, and C) present areas in which Oakland's taxi system could be improved. These issues include and supplement those raised at the biennial hearing.

Finally, the report requests the City Council provide direction on recommendations for overhauling the City's Taxicab Standards Ordinance and improving the program.

FISCAL IMPACT

This is an informational report. Fiscal impacts are not included.

BACKGROUND

The current number of 314 taxicab permits, also known as taxi medallions or vehicle permits, was established over 25 years ago.¹ At the biennial hearing conducted in 2002, an increase of 50 vehicle permits was proposed, based upon an expected expansion of the airport. In response, the

¹ According to Marcia Ross, Administrator for the OPD Taxi Detail Unit, the number of 314 was in place when she began working at the Taxi Detail over 25 years ago. The number is actually 315 but one permit was never issued.

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City Council indicated that they would not consider an increase in the number of cabs until the expansion was completed. The \$300 million Terminal Improvement, Roadway, and Curbside projects are expected to be completed in late 2008.

There were no requests to add vehicle permits at the 2004 hearing. The 2006 hearing was attended primarily, if not solely, by cab drivers and representatives of taxi companies. A few members of the community raised issues by email. Although there were complaints of inadequate service, these problems were attributed more to an unwillingness to service certain areas and unresponsive dispatch systems than to a lack of taxis. And, although there were requests for additional taxi permits, these requests were not due to a perception of inadequate coverage. They were from drivers who expressed their desire to have their own cabs, rather than lease cabs from the large companies.

KEY ISSUES AND IMPACTS

A. Current Structure of Oakland's Taxi Operation

1. Taxicab permits are the property of the City.

Pursuant to OMC section 5.64.050D, vehicle permits are the property of the City and shall not be sold, assigned, bequeathed, leased or transferred without approval of the City Administrator. Not all cities expressly claim ownership, and not all cities limit the number of permits. In San Jose, for example, anyone who owns at least five taxicabs may obtain a taxi license. In such a system, any perception of inadequate service may be addressed by the issuance of additional permits.

In a system with a capped number of permits, such as Oakland's, it is reasonable for the City to have ownership of the permits to ensure that they are used to serve City residents and visitors. When this is not the case, the City can retrieve the permits, after a hearing, and re-issue them. As the Findings and Purpose of OMC Chapter 5.64 state, "Taxicabs provide an essential component of the public transit system which serves the city." It is the responsibility of the OPD Taxi Detail Unit to ensure that the cabs are operating safely and that the maximum number of cabs are operating, in order to provide the intended level of service to the residents of Oakland.

OMC section 5.64.080D empowers the City to suspend or revoke vehicle permits for violations of the requirements and standards defined in OMC Chapter 5.64 or for "good cause." Failure to maintain the proper insurance is an example of "good cause" cited in past suspensions or revocations. The revocation provision based on non-usage, OMC section 5.64.080E allows the City to revoke permits that have not been used for ten consecutive days. This is the provision that provided the basis for the audit of Yellow Cab's waybills² and revocation of ten of its

² OMC Chapter 5.64 requires that drivers complete waybills and fleet managers maintain them and make them available to the City for at least a year. Waybills are documents that show 1) the driver's name, 2) the date, 3) the

permits. The decision and staff report submitted on the appeals of that decision were scheduled to be heard on the February 20, 2007 City Council agenda.

However, OMC Chapter 5.64 provides no assurances that taxis will be available at all times and in all parts of Oakland. Technically, a cab that was driven once every ten days would meet the requirements of this section.³ Other Bay Area cities have adopted ordinances that more clearly state their taxi usage requirements. Attachment A provides an explanation of some of these differences.

In accordance with the City's Taxi Cab Ordinance, the City Administrator may approve sales, assignments, wills, and transfers of taxi permits. In such instances the Taxi Detail has developed a policy of recommending such changes if there is evidence that: 1) the permit has been attached to an actual company and in use for at least a year, 2) the transferor is transferring the entire company, not just the permit, and 3) it is the intent of the original permittee for the transfer to be made. This policy has resulted in a concentration of permits in four major companies, Friendly with 102 permits, Yellow with 41 permits (and a pending appeal to reinstate 10 revoked permits), Metro with 31 permits, and Veterans with 44 permits. Friendly Cab is owned and managed by Baljit and Surrender Singh. Yellow is owned by John Merlo and leased and managed by Surrender and Baljit Singh. Metro is owned by Surrender Singh's mother and managed by Baljit and Surrender Singh.

OMC section 5.64.110 prohibits issuing more than 30 percent of the total permits to any one owner. Although it is not specified, the probable intent of this provision was to prevent the potential for a monopoly. Friendly's 102 permits, which constitute 32 percent of the total permits, were issued prior to the passage of this prohibition. After revocation of ten Yellow permits, the Singhs own, lease, or manage 55 percent of the total permits. Sixty-one (61) other companies hold the balance of the 85 permits⁴ not operated by the four major companies. A complete breakdown of permits operated by each company and the number of drivers is included as Attachment B.

- When one of the 61 small companies decides to sell, it creates a high demand. Drivers report that a one-cab company sells for as much as \$150,000 to \$200,000. The drivers consider the vehicle permit the most valuable part of this sale. They believe that the transferability of such limited permits has created a black market. The original cost and

vehicle permit number, 4) the time each paid trip is begun and completed, 5) the origin and destination of each paid trip, and 6) the fare paid for each trip.

³ After the Yellow Cab hearing, which was conducted on the basis of no waybills for 37 taxis, the Hearing Officer invited Yellow Cab to provide proof that more cabs were in use during the audit period of March through May. Yellow Cab provided additional waybills. In addition to the eight vehicles for which there were no waybills and at least eight more that showed usage gaps greater than ten days, there were at least ten waybill sets documenting cabs being used five or less times per month. Under the current ordinance, the latter cabs would not be candidates for revocation.

⁴ One permit was revoked in 2005 and has not been re-issued. The permits are issued by lottery and Oakland has historically held revoked permits until there was a number significant enough to warrant conducting the lottery.

annual renewal fee paid to the City for a vehicle permit is \$350.00. The fee charged by the City for transferring a permit is \$2,500.

2. There are two classifications of taxis within Oakland's 314 permitted vehicles.

One hundred twenty (120) of Oakland's 314 vehicle permits are authorized to access the Oakland airport. These cabs are referred to as "airport cabs." The Port of Oakland establishes the number. The other 194 permitted vehicles are not authorized to access the airport except with specific permission. These cabs are referred to as "street cabs." The Port recently requested additional cabs at peak times, and these requests are filled by street cabs.

- Although the lease rates paid by drivers for airport cabs are higher than those for street cabs, airport cabs are more coveted by drivers. They are ensured of obtaining passengers and they report that, because the rides are longer, the total fares paid by those passengers are much higher than the typical fares paid by passengers who are not traveling to or from the airport.

3. Oakland's vehicle permits are issued by lottery and, in the past, there were no requirements, other than adulthood, for entry into the lottery.

Because Oakland allows anyone to enter the lottery, many permits have been held by persons who have no intention of driving. They enter the lottery in hopes of obtaining, at a low City-controlled price, a permit that can then be leased to an actual driver at a market rate. For example, the fifty-one Friendly Cab permits that were the subject of a permit revocation hearing were held by an attorney, who established a long-term lease with Baljit and Surrender Singh, who in turn leased the cabs to actual drivers.

- San Francisco requires persons who hold taxi permits to personally engage as permittee-drivers at least four hours during any 24-hour period on at least 75 percent of the business days in the calendar year, or at least 800 hours a year. During the remaining time the permit holder may lease the cab to a company or to another driver.

4. Oakland's ordinance controls the fares that taxi drivers may charge passengers but not the rates drivers may be charged to lease a taxi.

OMC section 5.64.100 defines the fare structure authorizing what taxi drivers may charge. It currently consists of the following:

Flag Drop ⁵	\$ 2.00
Mileage	\$.24 each 1/10 mile
Waiting Time	\$24.00 per hour

⁵ The flag drop is that amount that registers on the meter as soon as the passenger contracts the cab.

The current Mileage Rate was set in 2001 and the current Flag Drop and Waiting Time rates were established in 1992. These are the only charges drivers are legally authorized to charge.

- There is no comparable provision in the OMC for controlling the amount paid by the drivers to lease cabs from companies holding the permits. The lease rate is referred to as “the gate.” The following chart lists the weekly gates most recently reported to the Administrative Hearing Officer by the major cab companies.

	Airport Cab	CNG ⁶ Airport Cab	Street Cab
Friendly and Yellow	\$700.00	\$750.00	\$450.00
Veterans	\$700.00	\$775.00	\$450.00

Veterans also offers an option of assigning a CNG Airport Cab to two drivers, who split a weekly gate of \$1,000 per week. For a full-time driver, one who drives a cab for a livelihood, the annual cost of leasing a cab ranges from \$23,000 for a cab that does not have access to the airport to \$40,300 for a cab that utilizes natural gas and has airport access.

B. Problems Reported to the City of Oakland Regarding the Structure and Operation of Taxis

The Administrative Hearing Officer has received complaints and concerns regarding taxis from three groups – Oakland residents, Cab companies, and taxi drivers. In addition to the biennial hearing, the taxi drivers have requested separate meetings with the Administrative Hearing Officer to raise their issues and problems.

1. Residents’ Issues

a. Excessive Waiting Time or Inability to Obtain a Taxi

The most common complaint received from Oakland residents is of excessive waiting or an inability to get a taxi. This appears to be especially prevalent late at night and for residents who live in areas the drivers may consider dangerous or remote. One resident reported waiting up to an hour at the Amtrak station when the LA to Oakland train arrived at midnight or later. He was told by dispatchers that cab drivers are reluctant to be in that part of town late at night. Another resident reported that drivers will not take them home from the downtown Smart and Final store if they do not like the address of their residence.

Although OMC section 5.64.070 mandates, “Drivers shall not refuse a reasonable request for service from any legitimate customer,” an exception is provided. “Service may be refused when, in the opinion of the driver, accepting a passenger would threaten the safety of the driver.” Marcia Ross, Administrator for the Taxi Detail, believes that safety is the reason Oakland has no female drivers. According to Ms. Ross, some women tried, but quit due to safety concerns.

⁶ Compressed Natural Gas

One resident emailed, “We do not need more taxis. We need a new dispatch service that doesn’t have a monopoly.” A driver for the Friendly/Yellow/Metro group of companies has provided the Administrative Hearing Officer with information that sheds light on how the dispatch system and the dispatchers themselves contribute to the problem of cab availability. According to the driver, he and a number of other drivers are willing to deal with the risks of picking up fares in all neighborhoods. However, the Friendly/Yellow/Metro dispatch system is set up and operated in ways that defeat such intentions.

The dispatch system divides the City into zones. When calls come in for most of the zones, the driver can look at the call and check the address to decide if it is a call that makes sense for him to take, considering his current location. Unfortunately, calls for the zones of both Montclair and West Oakland, which stretches from Myrtle Street to the docks on Maritime, are programmed to “lock” the driver in if he looks at the address. This means that if the driver looks at the address, the system assumes he is taking the fare. The drivers refer to these as “locked in orders.”

Drivers are loathe to travel too far to pick up a fare for two primary reasons: 1) Because the system does not show how long an order has been in the system, fares are often not there when the driver arrives at the address⁷, and 2) many trips in Oakland are so short that the fare is less than five dollars.

If the driver decides he does not want to take the locked in order, the only way to get the order back into the system is by calling the dispatcher. The reporting driver said that dispatch hardly ever responds to requests for a voice channel response from a driver, and that getting through to the dispatch number via cell phone is very frustrating, with lines regularly either busy or not answered, a complaint confirmed by residents. Such frustrations cause drivers to resort to ‘dropping’ the order, which clears it from the system by convincing the computer that the order has been picked up.

The reporting driver believes that pickup problems in the rest of the City are due to the drivers’ distrust of the dispatch system. Drivers can’t tell how old the order is and they believe that the dispatchers do not check or try to update the system, because the dispatchers don’t care if they waste the driver’s time. Additionally, the reporting driver said that, rather than checking whether drivers are nearby, the dispatchers regularly gives the stock response, “Your cab will be there in 10 to 15 minutes” or “15 to 20 minutes” when the orders back up. If the driver arrives two minutes later and the fare does not appear, the driver has no idea whether the fare is not ready or whether the fare called an hour ago and has found other transportation. After waiting a few minutes the driver assumes the latter and leaves. The customer normally does not realize a cab has been there until they call the dispatch system back a half hour after they expected to be picked up.

Citizen experience confirms these problems and adds another – driver attitude and lack of knowledge. As an example, during the drafting of this report the City Administrator received a

⁷ One driver reported he had 12 ‘no go’ orders in one day.

letter from an Oregon woman who had come to Oakland twice to care for her ill daughter. She listed the following experiences:

- 1) Both airport drivers did not know how to get to 3rd Avenue.
- 2) She waited over an hour after dark at Kaiser Hospital and called 3 times before a cab came.
- 3) After giving a driver \$4.00 for a \$3.00 ride to Albertson's on 3rd Avenue, the driver yelled into his phone, "This old lady just gave me \$4.00." He told her (falsely), "The minimum is \$5.00."
- 4) After waiting two hours at the store and calling several times, she received a ride from a kindly resident. The store told her this happens all the time.
- 5) On her second trip, the airport driver also did not know the route, so went on the freeway, which cost \$37.50. Although he also almost left her luggage at the curb, she noted that he was the only courteous driver she had the entire time.

The writer stated, "I have been in cities all over the world and have never encountered such ill-mannered, unreliable, untrustworthy taxicab service.

The problems caused by the programming of the Montclair and West Oakland zones in the dispatch systems appear to be capable of resolution. Phone capacity is also something that can be improved. Problems with driver knowledge and with driver and dispatcher attitudes may be more difficult for the City to address, but are critical to improving taxi service to Oakland's residents and visitors.

Drivers for the large cab companies continue to claim that many cabs sit unused for extended periods. Making these cabs available on the streets would increase the service level to residents, assuming that they were driven regularly and that they were associated with trustworthy dispatch systems. In addition to the requirement that San Francisco permittees drive their cabs at least 75 percent of the working days of the year, San Francisco's ordinance requires permittees to operate or arrange for their vehicle to be operated each day of the year. Their ordinance, like Oakland's also calls for revocation of permits upon abandonment, which is defined as 10 days of non-use. Unlike Oakland's ordinance, which allows discretion regarding revocation for abandonment, San Francisco's ordinance mandates revocation for abandonment, except for "sickness, death, or other similar hardship." San Jose, as noted in Section A.1 (page 2) of this report, has addressed this problem by not limiting the number of cabs that can be licensed.

b. Unwillingness of Drivers to Take Passengers with Service Animals

Residents with disabilities have registered complaints regarding unwillingness of some drivers to take passengers who use service animals. The Taxi Detail's Driver Training Class teaches drivers that this is their legal responsibility, but, according to the complainants, not all drivers adhere to the law in this regard.

c. Unwillingness of Drivers to Take Passengers Who Pay the Fare with Scrip

Low income residents can obtain Scrip, which they can use to pay for taxi service instead of cash. Jeffrey Weiss of the City's Aging, Health, and Human Services Department reports that their department receives complaints regarding the unwillingness or resistance of some drivers to taking Scrip fares.

d. Safety Concerns

Residents express safety concerns by such comments as, "The cab seemed run down. I was worried about getting to the airport." These concerns are echoed by the Taxi Detail, who believe that some of the companies have good parts that are put on cars being inspected. The good parts are then swapped with old, possibly defective, parts after the car has passed the inspection.

2. Company Issues

a. Cost of Insurance

The most frequent complaint the Administrative Hearing Officer receives from the companies, both large and small, is the cost of insurance. At the biennial hearing the owner of a one-cab company stated that insurance costs \$9,000 per year. At \$1,000,000 for injury or death of one person and \$1,000,000 for injury or death from any one accident, Oakland's insurance requirements are significantly higher than San Francisco's. These differences are listed in Attachment A. The insurance requirements were increased when the taxi ordinance was amended in 1998. According to Ms. Ross, the increase was in response to an accident in which a passenger was paralyzed and drew the City into his claims after determining that the previous required insurance amounts of \$300,000 was inadequate to cover his damages. According to the companies, the rates for insurance doubled after 9/11.

b. Insurance Renewal Processing Fee

The companies also object to the \$25.00 charge they receive every year for renewing their insurance. The Taxi Detail charges \$25.00 for permittee-initiated changes to the permit record, and the policy number changes each time the policy is renewed. The large companies are most affected by this charge as each vehicle has an individual insurance policy. The fee schedules submitted by San Francisco and San Jose do not include record maintenance fees.

c. Insufficient Number of Drivers

At the hearing on the revocation of Yellow Cab's unused permits, Mrs. Surrender Singh testified that, for the past several years, the economy has made it impossible to find enough drivers to staff all of the vehicle permits. The year end fleet management packages submitted 122 drivers for 102 Friendly Cab vehicle permits, 38 drivers for 51 Yellow Cab permits, and 23 drivers for 31 Metro vehicle permits. Other companies do not appear to have this difficulty. Veterans submitted 49 drivers for 44 permits and the smaller companies submitted a total of 131 drivers for 85 permits. Because many drivers are not full-time drivers, it is necessary to have more drivers than vehicles in order to keep the vehicles in full-time use.

3. Driver Issues

Drivers have registered a significant number of complaints regarding both Oakland's ordinance and the operation of individual companies. Many of the complaints concern what the drivers regard as the excessive power wielded by the companies. They believe that Oakland's ordinance supports this power imbalance and lacks sufficient protections for the drivers.

a. Gate Fees – lack of City control and lack of driver bargaining power

One of the drivers' main complaints is the level of the weekly lease rates (the "gate") they pay for cabs and the arbitrary way in which the rates are changed. Even the airport drivers, who admit they have the greatest probability of consistently obtaining fares, claim that they must drive a number of hours in excess of what is either safe or legal to have enough money to support their families after they pay the gate, gasoline, and other charges the companies assess. As noted above, the City's ordinance does not control the gate. The major companies currently charge \$450 per week for street cabs and from \$700 to \$775 per week for airport cabs.

When the major companies announced their intention to raise the gate during the summer of 2006, the drivers protested, which met with limited success. Friendly Cab had planned to raise the gate as high as \$850 for CNG cars but agreed to \$750. Non CNG airport cab gates were raised \$50 to \$700.

When Veterans raised their gate from \$650 for non CNG airport cabs and \$700 for CNG airport cabs to \$700 and \$850 respectively, the drivers attempted to meet with the owner, requesting a reduction to \$750 for the CNG cars. The owner was unresponsive to the drivers' requests. After two months paying \$850 gates and being frustrated in their attempts to negotiate, 10 airport drivers stopped paying the gate and consequently stopped driving, hoping to get the owner's attention. Instead, within two weeks, the owner found other drivers, to whom he leased the CNG cabs at a rate of \$775 per week.⁸ The non CNG cab gate, however, was increased from \$700 to \$735.

The airport drivers believe the gate problem has been exacerbated by the airport allowing airport cabs every day⁹ and requesting non-airport cabs during peak times, which over the past several months has been every Sunday and Monday. Airport drivers complain that, since this process has begun, their wait between fares are one to three hours, much longer than previously. At the biennial hearing, one driver asked, "How can I pay the gate if street drivers, who pay a much lower gate, are allowed to go to the airport?" A driver who said that he represented the airport drivers reported that, including gas, credit card fees, airport fees, and other costs the drivers absorb, the cost of driving a cab is \$1,600 to \$1,700 per week.

⁸ At the request of Veterans drivers, the Administrative Hearing Officer met with the drivers and the owner of Veterans, Cham Kaur, aka Johnny Giri. The information about rates was provided by Mr. Kaur and the drivers.

⁹ Until mid 2006, airport cabs alternated days, each working the airport only half the week. The intent was that they would work the streets on the other days.

The drivers have attempted to improve their bargaining power by unionizing, forming the East Bay Driver Association (EBDA). However, the large companies do not recognize the union, contending that the drivers are independent contractors, not employees. The Association filed suit against Mr. and Mrs. Singh, Friendly, Metro, Yellow, California, and Greyline Cab companies in Alameda Superior Court and also brought their case to the National Labor Relations Board (NLRB). In March 2006, the Superior Court granted the Motion for Summary Judgement brought by the defendants (Singhs and cab companies). In April 2005, a three member NLRB panel upheld the April 2004 decision of the administrative law judge, who determined that the drivers are employees. According to counsel for the Singhs, this decision is on appeal.

One driver, a member of the EBDA reported that, after he spoke at the biennial hearing about the imbalance of power between the major companies and the drivers, Friendly refused to renew his lease. He was told that the reason was an accident he had three years ago, but, because there are many drivers with worse accident records, he believes it was retaliation for speaking out.

The Singh-operated companies may not be alone in their determination to prevent unionization. Veteran's Cab told the driver who was released by Friendly that they would take him on as a driver and would have a cab available after the weekend. When he returned, he was told nothing was available, but a friend who works for Veterans told him that Mrs. Singh had called and told Veteran's not to hire him because he was a union organizer.

- San Francisco requires that drivers who are not permittees must be employees of either the company or the permittee for whom they are driving. San Jose also reports that non-permittee drivers are employees of the companies for whom they drive.

b. Fares are too low and drivers must absorb costs that other cities assign to passengers.

As mentioned above, although the City does not control the amount the companies may charge the drivers to lease cabs, it does control the amount that drivers can charge passengers. As shown below, Oakland's fares are lower than either San Francisco's or San Jose's.

	Oakland	San Francisco	San Jose
Flag drop	\$2.00	\$3.10	\$2.50
Mileage per 1 tenth mile	.24	.225	.25

San Francisco recently raised their flag drop from \$2.85 to \$3.10. This means that an Oakland driver must drive more than seven miles before Oakland's 1.5 cent higher mileage rate provides him with a fare equal to that of a San Francisco driver. While that may occur regularly for the airport drivers, it is less common for street drivers. At the biennial hearing, the Fleet Manager for Veteran's Cab proposed an increase in the flag drop to \$3.00 and an increase in the mileage rate to 26 cents per 1/10 mile, stating that it would provide drivers with a fare of at least \$5.00 on most trips.

Although the airport drivers may have more lucrative fares, the \$2.50 airport charge per trip is a source of frustration to them, as the City's ordinance does not allow the driver to charge this fee to the passenger. The airport's Superintendent of Ground Transportation joined the drivers in recommending that Oakland's ordinance be changed to collect the airport fee from the passenger. Both San Francisco and San Jose allow the airport fee to be passed on to the passenger.

c. Lack of access to the airport

The major complaint of non-airport drivers is that they do not have access to the airport. Although the Port is re-evaluating the number of cabs needed and how they should be assigned, the Superintendent of Ground Transportation believes that, if all 314 cabs had access to the airport, the waits between fares would be three to four hours. This would also not increase and, in fact, would likely decrease the number of cabs working on the streets and accepting orders to pick up Oakland residents.

d. Insufficient Taxi Stands

The non-airport drivers also believe that there should be more taxi stands, and the problems with dispatch have already been described. Oakland's ordinance confers upon the City's Traffic Engineering Department the responsibility for establishing taxi stands through a written application process. There has been little activity in this area, as the Traffic Engineering Department had difficulty locating information regarding taxi stands, and the information they found was 29 years old. The information did, however, indicate that the number of official taxi stands has declined. In 1978 there were taxi stands in 27 different locations. Because Traffic Engineering did not have a list of the current taxi stands, the Taxi Detail contacted Veteran's Cab Company, who provided a list of 19 taxi stands currently available to the taxi companies. A taxi stand that was removed during construction at the Coliseum BART station was never restored, and drivers must now park further away, causing greater inconvenience and danger for passengers.

e. Other driver complaints regarding the major companies

- **The companies charge the drivers a fee for customers that use credit cards.**
 - The companies say the drivers don't have to accept credit cards.
 - The airport drivers say they are sent to the end of the line if they refuse.
 - San Francisco does not allow the credit card fee to be passed on; i.e., the companies, rather than the drivers, absorb this fee.
- **The companies charge drivers for accident damage, regardless of fault.**
 - The drivers say that Friendly's insurance pays for damage to the other car but that the driver must pay for damage to Friendly's car. They claim they cannot get receipts for these payments and believe that the owner is collecting from the insurance company as well if the accident is the fault of the other driver.
 - The City's insurance requirements only address bodily injury or death and property damage to others. Therefore, the companies are not required to maintain insurance covering damage to their own vehicles.

- The City does not require companies to report accidents.
- **The companies are required to but do not maintain the cabs. As a result, the drivers have to pay for safety violations.**
 - The companies say that part of the reason the gate is so high is that they cover all the maintenance.
 - However, the drivers and passengers say that there are many obvious maintenance problems, such as bad tires, lack of air conditioning, and generally run down condition.
 - The Port Superintendent of Ground Transportation was concerned enough about the tires used by Oakland taxis, which he believes are police car re-treads, to recommend an ordinance change outlawing re-tread tires on taxi cabs.
- **Companies do not provide workers compensation insurance or benefits.**
 - San Francisco requires provision of worker's compensation insurance and health insurance.
 - The lack of benefits is another reason that the drivers have tried to unionize and gain employee status.
- **The companies either do not provide the drivers with receipts for payments or do not list the amounts paid.**
- **The company owners do not respect the drivers.**

The drivers believe that most of their problems with the major companies could be resolved either by the City issuing permits only to drivers or by the City exercising greater control over the main problem areas of the gate, working conditions, and benefits.

f. Driver complaints regarding the City of Oakland

- **Inadequate coverage at the Taxi Detail Unit**
 - One driver reported going to the Taxi Detail office ten consecutive times without finding anyone there. Miss Ross, who handles all administrative matters regarding driver's permits has no backup.
- **Disrespectful and unhelpful treatment of drivers by Taxi Detail staff**
 - The drivers claim that the Taxi Details staff places obstacles in their path, rather than assisting them.
- **Taxi Detail reporting to companies the safety problems drivers bring to them.**
 - Drivers who have gone to the Taxi Detail to show them unsafe tires or other safety problems complain that, instead of telling the company that they stopped the driver and found the problem, the Taxi Detail reports to the company that the driver has complained and that the car cannot be driven until the problem is fixed. Not only does this result in income loss to the driver, but the company views him as a 'snitch' and treats him more poorly in future situations.
- **Oakland's fees are higher than those of other nearby cities such as San Francisco and San Jose.**
- **Drivers must process their paperwork at the Taxi Detail but must pay their fees at the Police Administration Building.**

- Drivers have complained about this for several years. A 2001 staff report to the Public Safety Committee explained that the Taxi Detail cannot process payments as they do not have a safe, cash register, or security personnel.

C. Methods of Addressing Oakland's Taxi Problems

1. Ordinance

a. Eliminate transferability of vehicle permits.

Elimination of the transferability of vehicle permits would eliminate the exorbitant prices currently being paid. In limiting the number of vehicle permits, the City's purpose was not to create a windfall for those who happened to be the beneficiaries of the lottery. It would also bring vehicle permits back into the City to be available for the next lottery.

The taxi ordinance does not specify how the lottery for available permits should be conducted. Requiring lottery entrants to be drivers would eliminate those who are looking only for an opportunity to start a leasing business. On the other hand, the proliferation of single cab companies greatly increases the administrative burden placed upon the Taxi Detail, and the single cab companies report even greater dispatch problems and problems obtaining passengers than those reported by drivers for the large companies. A requirement to operate a minimum number of vehicles, such as San Jose's five vehicle minimum, is an alternative worth further study.

b. Enact changes that discourage monopolization and encourage competition.

Provisions that affect the transfer of permits or requirements for the lottery, however, would affect only the small companies. In 2001, the Public Safety Committee requested that the Office of the City Attorney provide a report on how to end the existing monopoly of taxicab permits. A Report from the City Manager on Proposed Changes to the Taxicab Ordinance and the Monopoly of Taxicabs, delivered to the Public Safety Committee on May 8, 2001, summarized the City Attorney's response. After noting that monopoly prevention was the intent of the City Council's 1999 ordinance amendment prohibiting more than 30 percent of the total vehicle permits to be held by one company, the City Attorney stated, "However, the City Council also approved language that would not require the surrender of any outstanding vehicle permits. As permits are returned to the City or transfers are requested, those permits may only be reissued or transferred in accordance with this restriction." (emphasis in original)

The City Manager's recommendation at the time was that the committee not pursue the monopoly issue, stating, "The fact that one family controls a majority of vehicle permits may not be that important as they will be required to comply with the taxicab ordinance in the same manner as smaller companies."

At that time Yellow Cab and Friendly Cab, the companies owned or leased by the Singhs, operated 153, or 48.7 percent of Oakland's 314 taxi permits. Since that time no permits have been transferred out of Yellow or Friendly, and, on May 4, 2002, Metro Cab's fleet and its 31 vehicle permits were acquired by Mrs. Singh's mother. Metro Cab is currently also operated by the Singhs, bringing under their control 58.6 percent of Oakland's cabs. The affects of this dominance on cab availability, customer service, cab maintenance and safety, and driver bargaining power must be considered in any ordinance changes designed to improve taxi service in Oakland.

c. Fines and/or other penalties should be instituted for refusal to take passengers' service animals or Scrip passengers.

d. Clarify the amount of time that cabs are expected to be in use.

The ordinance section that provides for revocation after a cab is out of service for ten consecutive days should be amended to more clearly delineate the City's intent and close the loophole of a cab being in compliance despite being regularly used five or fewer times per month. San Francisco's requirement that permittees drive at least four hours on 75 percent of the business days of the year and that they make arrangements for their cabs to be driven all other days establishes the City's expectations more clearly.

e. Increase fares to be offset increased costs.

Attachment A compares some of the significant provisions of Oakland's ordinance with those of San Francisco and San Jose. An increase in Oakland's fare structure and provision for the collection of other fees would provide a definite increase in a driver's earning capacity. Although there is no excuse for rudeness, the knowledge that most fares will be at least \$5.00, may improve the attitude of some of the drivers and increase their willingness to do more of the short trips that account for much of the street driving.

f. Reduce the time allowed for cabs with safety violations to be out of service.

Companies should be required to replace cabs that are pulled for safety violations within a reasonable pre-set time. Currently, companies have ten days to correct the violation, during which time the cab is out of service. If the cab is out of service, the driver is frequently out of work. Such a provision would encourage the companies to maintain spare cabs, as intended by the Ordinance's spare cab provision.

- The Administrative Hearing Officer is currently working on a proposal for changes to the Taxi Ordinance. The suggestions made by drivers, companies, and residents are being considered, as well as the practices and guidance provided by the ordinances and experiences of other cities.

2. Changes to Existing Processes/Policies

a. Driver education

The addition of an education and testing component of drivers' knowledge of Oakland in driver classes conducted by the Taxi Detail, the taxi companies, or private instructors could ameliorate the problem of lack of City street knowledge reported by the Oregon resident.

b. Additional taxi stands

A change to the ordinance is not required to establish additional taxi stands. Companies and drivers should be provided with application forms and the information regarding how to request the establishment of taxi stands.

c. Establish more effective ways of monitoring cab usage.

In the past, audits have been conducted only when problems were reported. However, the combination of ongoing citizen complaints of the inability to obtain cabs and recent driver reports of unused cabs and Oakland cabs spending their days in other cities necessitates a better system of monitoring cab availability. Regular audits of all taxi company waybills would be overwhelming for the Taxi Detail as currently structured. The Taxi Detail may be best positioned to provide recommendations on this issue. Dispatch systems that retain trip information on computer offer the City one possible tracking method not available with the hand-written waybills.

d. Work with the Port regarding cab allocation.

Although the Port controls cab access to the airport, the City should work with the Port to ensure that their determinations do not adversely affect the number of cabs available on the streets of Oakland.

e. Handle driver-reported safety violations in way that has least negative impact to driver.

The City has a responsibility to deal with unsafe taxis. If the safety issue is reported by the driver, the Taxi Detail's policy should be to report it to the company as a problem that was discovered during a random spot check. The drivers believe that this would reduce the possibility of the retaliatory action that occurs when the companies learn that a driver reported something to the Taxi Detail.

3. Taxi Detail

a. Ensure staffing during announced hours of operation.

Like many, if not all, OPD divisions, staffing at the Taxi Detail Unit is minimal. Taxi Detail officers conduct trainings, vehicle inspections, and spot checks. Officers rotate and average a two-year stay with the Unit. During the past year, the Taxi Detail officer conducted four motorcycle driving classes, of four weeks each, for OPD recruits, attended several week-long safety classes, and was on other assignments that kept him out of the Taxi Detail for

approximately eight months of 2006. During his absences, annual vehicle inspections were seriously impacted.

b. Train a backup for the Taxi Detail Administrator.

The Taxi Detail's civilian administrator handles all of the permitting paperwork, and, having worked for the Taxi Detail 25 years, she holds the complete institutional knowledge of Oakland's complex taxi permitting and oversight structure. There is no one cross-trained as a backup, so, when she is out, all permitting processes stop. Drivers could reduce the impact of sick leave and vacation absences somewhat by beginning their annual driver's permit renewal processes earlier. However, extended absences of Taxi Detail staff directly impact their livelihoods, as they cannot drive with expired permits. It is difficult to envision how the Taxi Detail could add regular auditing or other enforcement measures to their duties without an increase in staff and a commitment to keep the Unit staffed for daily business.

4. Other

a. Consider and address all of the elements affecting taxi availability.

The inability to get cabs, especially in particular parts of Oakland, is a serious and complex problem, one that may require multiple strategies to resolve. Requiring dispatch systems to handle all areas equally and in ways that encourage maximum driver response would be a first step.

b. Improve driver safety mechanisms.

Driver safety is a thornier issue. According to the Taxi Detail Administrator, a driver who feels unsafe should be in constant contact with the dispatcher. However, if the dispatchers are as difficult to contact as drivers and citizens report, this is not a viable solution. While unresponsive dispatch systems and dispatchers may be a significant component of this problem, the City has not traditionally exercised control over such operational aspects of these private companies. Taxi stands or pick-up points in safe areas may address part of the problem. Other possibilities include additional safety equipment, self-defense training for drivers, penalties for not taking calls in specified areas or incentives to take them, and double staffing of cars at certain times of day. Stakeholder meetings may generate other ways to address this problem.

SUSTAINABLE OPPORTUNITIES

Economic: Changes that improve Oakland's taxi situation could ultimately be economically beneficial to all stakeholders – drivers, residents, and companies. If changes are not made, experiences like the Oregon resident's could negatively impact Oakland's economy by discouraging visitors from returning.

Environmental: Although environmental issues have not been covered in this report, the proposed changes to the ordinance may include standards intended to benefit the environment.

Social Equity: Taxicabs provide an essential component of the public transit system, a component that the City relies on private companies to fulfill. Except for safety, service is the most important duty of the private companies holding Oakland taxi permits. Any changes to the ordinance or to existing departments or processes should be made considering these duties as paramount. Additionally, the City must acknowledge and consider the impact that Oakland's ordinance and policies have on the ability of the taxi drivers to organize for better working conditions.

DISABILITY AND SENIOR CITIZEN ACCESS

Disabled persons and senior citizens are populations that often rely on taxi service. Getting to the doctor, the store, to meetings, and to friends' houses does not require taxis that are authorized to go to the airport. It requires taxis that drive on the streets of Oakland.

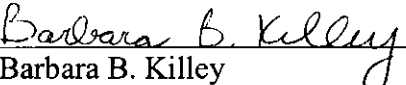
RECOMMENDATION(S) AND RATIONALE

Staff believes that Oakland's taxi program is in need of significant change. Staff recommends that the City Council direct the formation of an ad hoc advisory committee to study alternative models, practices, and results and to make recommendations for changes to improve the City's Taxicab program. Staff proposes that the committee consist of interested City staff and taxi stakeholders, e.g., taxi companies, taxi drivers, and taxi users. Staff would appreciate recommendations from the City Council on any specific changes desired by the Council and referral of potential committee members.

ACTION REQUESTED OF THE CITY COUNCIL

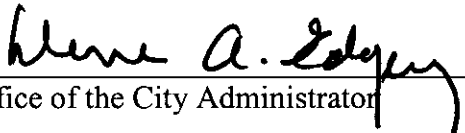
Staff requests the City Council receive this report and designate the creation of a limited duration, ad hoc advisory committee to study alternative models, practices, and results and to make recommendations for changes to improve the City's Taxicab program.

Respectfully submitted,



Barbara B. Killey
Administrative Hearing Officer
Office of the City Administrator

APPROVED AND FORWARDED TO
THE PUBLIC SAFETY COMMITTEE:



Office of the City Administrator

ATTACHMENT A

COMPARISON OF OAKLAND, SAN FRANCISCO, AND SAN JOSE TAXI STANDARDS

	OAKLAND	SAN FRANCISCO	SAN JOSE
Cab Usage	Permits may be revoked if cab is not driven 10 consecutive days	Permittee must drive cab at least 4 hrs in 24 hr. period or 75% of business days	Companies must maintain cab availability based upon days and times; For example, Weekdays 9 am to 6 pm 50% 6 pm to 3 am 40%
Vehicle Permits	Vehicle Permits issued individually by lottery, no requirements to enter lottery	Vehicle permits issued only to individuals who agree to drive 75% of calendar days	Taxi "licenses" issued only to people who own at least 5 cabs
Gate ¹	Established by companies – Oakland exercises no control Currently \$700 to 850/wk or 3010 to 3655/mo for airport cabs, \$450/wk, \$1935/mo for street cabs	\$91.50 max for 10 hr or more shift (\$640.50/wk, \$2754.15/mo.) \$9.15/hr for less than 10 hr shifts	No cap
Lease ²	NA	\$1800 per month	NA
Credit Card fees	Companies charge drivers flat fee (Yellow) or % (Veterans – 10%)	Both drivers and companies are prohibited from charging for credit card use	Not addressed
Insurance Injury/death	\$1,000,000 1 accident \$1,000,000 1 person	\$450,000 \$100,000	\$1,000,000 liability
Property Damage	\$ 50,000 more than 1 person \$ 50,000 per accident	\$ 25,000	\$ 300,000
Worker's comp/benefits	None required	Require worker's comp Health ins?	
Employee Status	No requirement	If not the permit-holder, drivers must be employees of the company or permit holder for whom they are driving	Not addressed
Vehicle Permit Transferability	With approval of City Administrator		None
Fares			
Flag Drop	\$2.00	\$3.10	\$2.50
1/10 mile	.24	.225	.25
Wait time/hr.	24.00	27.00	25.00
Airport Fee	2.50	2.00	1.50
Passenger pays	No	Yes	Yes

¹ The gate is the fee charged to drivers to rent the cab

² Because permits are issued to individual drivers in San Francisco, companies may lease the cabs from the drivers after the driver has driven his required time

ATTACHMENT B

Number of Cabs and Number of Drivers

By Dispatch Number and Company

<u>533-4455</u>	<u># of Cabs</u>	<u># of Drivers</u>
Friendly	102	122
Total	102	122
<u>444-1234</u>		
Yellow	51 ¹	35 active (as of 1/17/07)
Total	51	43
<u>444-4499</u>		
Metro	31	23
Total	31	23
<u>533-1900</u>		
Veterans	44	49
Total	44	49
<u>444-6161</u>		
Atlantic	1	1
Broadway	1	1
Mountain	1	2
Nation	1	1
Bayporter	1	1
Classic	1	2
Co-op	1	2
DeSoto	2	3
Five Star	1	2
Gateway	1	3
International	5	9
Indo-American	1	1
Luxury	1	1
Pleasant	1	1
Pro	1	1
Public	1	1
Queen Shiba	1	1
Red & White	1	1
Royal	3	3
Seasons	1	2
Traveler	4	8
Trusty	1	2
United	1	1
US Express	1	1
VIP	1	4
Yellow Oak	<u>1</u>	<u>1</u>
Total	36	56

¹ *10 of these permits have been revoked. The appeal of the revocation decision is scheduled to be heard by the City Council Feb. 20, 2007.

477-9305

ABC	2	3
Airport Ambassador	1	3
Airport Express	1	2
America	1	1
Blue Sky	3	4
Liberty	1	2
Moonlighting	1	1
On Time	1	1
Pacific	1	4
Checker	1	2
Comfort	1	2
Diamond	1	1
Eagle	1	1
Eastbay Golden	5	10
Greentop	1	2
Red Top	1	2
Royal Express	1	2
Skyline	1	1
Oaktown	1	2
USA	<u>1</u>	<u>1</u>
Total	27	47

536-6505

Gion's	1	1
R & J	1	1
BJ Express	1	1
Funno	1	1
Oakland	1	1
Wanna	1	2
Pamer	1	1
Regent	<u>2</u>	<u>3</u>
Total	9	11

644-8181

Liberty	1	2
Mellow	1	1
Luxor	<u>1</u>	<u>1</u>
Total	3	4

613-9140

Blacksilver	1	1
Total	1	1

346-6600

Air Ride	1	2
Total	1	2

658-3344

Meric	1	1
Total	1	1

Unknown		
Quick	6	7
Waterfront	2	2