

---

## M E M O R A N D U M

---

**DATE:** November 25, 2008  
**TO:** City Council Members  
**FROM:** Russell Weeks  
**RE:** Taxicab Ordinance Issues  
**CC:** Cindy Gust-Jenson, David Everitt, Ed Rutan, Frank Gray, Maureen Riley, Karen Hale, Mary De La Mare-Schaeffer, Robert Farrington, Orion Goff, Jennifer Bruno, Helen Langan, Randy Berg, Dave Korzep, Laura Kirwan, Brent Kovac, Larry Bowers, Ray Mundy, Carla Wiese at The Downtown Alliance

---

This memorandum is an update on the progress of City Council consideration of an ordinance that would change the way the taxicab industry is regulated in Salt Lake City.

As you may know, the Administration has transmitted a proposed ordinance that would end the City's current method of regulating taxicabs through authorizing certificates of convenience and necessity. The proposed ordinance would initiate a method of regulation based on issuing contracts to companies that would provide taxicab service within Salt Lake City. If the City Council adopts the ordinance, the City then would issue a request for proposals from companies to operate taxicabs. The City then would award contracts to between two and four companies to operate a total of about 210 cabs city wide.

The Administration transmitted the proposed ordinance in September. However, the ordinance has not been calendared for Council consideration because Council staff and the Administration are pursuing a three-part program to make the public aware of the ordinance. The program in part was requested by the Downtown Alliance Parking and Transportation Committee.

After a discussion of the ordinance at the Parking and Transportation Committee's October meeting, the committee indicated that it would like to hear from representatives of the taxicab industry and from the City Council's consultant on the issue, Ray Mundy, Ph.D., who in July 2005 published the *Ground Transportation Study Salt Lake City, Utah*. The study led to a decision by the City Council and the previous Administration to change the method of regulating taxicabs as well as address other issues involving ground transportation in Salt Lake City.

Representatives of the taxicab industry met with the Alliance Parking and Transportation Committee on November 4. Professor Mundy is scheduled to meet with the same Committee on December 2. He also is scheduled to meet with members of the Administration and will be part of a briefing with the City Council.

At the November 4 meeting the Alliance Committee Chair Kent Gibson said that it would be helpful if, perhaps, the City and the Alliance organize an event where members of the public could describe the kind of service they expect from the taxicab industry. Council staff has spoken briefly to the Downtown Alliance staff about organizing such an event. The event likely would be

held in mid-January. Given that timetable, it is likely that the City Council could be briefed on the proposed ordinance in late January or early February and formally consider the ordinance in February – if the City Council is amenable to the timetable.

It should be noted that the Council’s Transportation and Mobility Subcommittee at its April 24 meeting recommended that the proposed ordinance warranted consideration by the full City Council. The Subcommittee affirmed its recommendation at its September 25 meeting.

## **BACKGROUND**

Adopting the proposed ordinance would finish a legislative portion of taxicab regulation (City Code Chapter 5.72) that began in 2004. It is very likely that revisions to the ground transportation section (Chapter 5.71) of the City Code would continue.

To recap briefly, in 2004 the City’s three taxicab companies petitioned the City Council for an increase in taxicab fares and a waiver of an annual deadline in which the companies had to recommend to the Administration whether they intended to seek rate increases or decreases.

The City Council ultimately granted the waiver and the increase but determined to study the taxicab and ground transportation industries to learn how ground transportation industries were competing with taxicab companies and how taxicab companies in Salt Lake City operated in comparison to other cities. The City Council contracted with Dr. Mundy to study the industries, and on July 31, 2005, he published *Ground Transportation Study Salt Lake City, Utah*. The report recommended a number of changes to the way the City regulates taxicabs.

It should be noted that the City Council held public hearings on Dr. Mundy’s study when it was in draft form and on individual recommendations in the study after it was published. It also should be noted that one of the recommendations was to replace the method of regulating taxicab companies through certificates of public convenience and necessity with a method of regulating taxicab companies through contracts. The net result of the recommendation would be that the City would advertise through a request for proposals for companies to operate taxicabs in the City. The result would not guarantee that the three existing taxicab companies would prove successful in obtaining a City contract.

Previous City Council actions also include:

1. Based on recommendations in Dr Mundy’s study, the City Council with the support of the previous Administration adopted Resolution No. 66 of 2005 on December 8, 2005, declaring the City Council’s intent to “change the taxicab (regulatory) system from a certificate of convenience and necessity system” to a system where taxicab companies contract with Salt Lake City to operate cabs.
2. On the same night it adopted Resolution No. 66 the City Council adopted Ordinance No. 87 of 2005 which, in part, declared that a certificate of convenience and necessity is not a franchise and is not irrevocable. The ordinance also declared:

The City is considering alternate methods of regulation and intends to adopt alternate methods at a future date. Certificates of convenience and necessity issued by the City are terminable by the City, and in order to prepare for changes in regulation, all

such certificates issued under this Chapter shall expire at the same time that the certificate holder's current business license expires, which shall be no later than January 31, 2006. Future certificates of convenience and necessity under this Chapter will be issued only on a renewal basis to existing certificate holders upon submission of an acceptable renewal application, and shall remain subject to termination. Prior to adopting regulatory changes, the City will provide notice to these certificate holders, and all such certificates will terminate 180 days from the date when such notice is issued.

### **PROPOSED ORDINANCE**

The centerpiece of the proposed ordinance is a revised section of City Code Section 5.72.130.

The title of the section is amended to read: *Phasing Out of Certificates of Public Convenience and Necessity*.

Paragraph A contains the following sentence: The city hereby adopts a contract based system for provision of taxicab services. Only taxi providers selected pursuant to a competitive Request for Proposals ("RFP") process and who have entered into a contract with the city may operate taxi services for hire upon Salt Lake City streets, as defined in Section 5.72.130(C).

The sentence replaces a paragraph that reads: ~~No person shall operate or permit a taxicab owned or controlled by such person to be operated as a vehicle for hire upon the streets of Salt Lake City without first having obtained a certificate of public convenience and necessity from the city ...~~

Paragraph B contains the following sentence: Existing certificates of public convenience and necessity issued by the city under this chapter shall expire no later than 180 days from the effective date of this ordinance. The city may elect to continue the termination date up to an additional 180 days. ... In the event the city is delayed in implementing the contract based system, the existing certificate holders may continue to operate until such time as implementation occurs. In the event the termination of one or more of the certificates is continued beyond the termination date set forth above, the city may simultaneously implement the contract based system which such certificates remain in effect.

The paragraph replaces the language cited in Ordinance No. 87 of 2007 under *Previous City Council Action*.

Other key points of the proposed ordinance include:

- A revised formula for determining mileage and flag-drop rates in taxicab meters. The City Council requested that the Administration review a proposed formula when the Council adopted a motion to increase taxicab mileage rates in August. If the City Council adopts the proposed ordinance, the formula – not future City Council action – would determine mileage and flag-drop increases or decreases.
- Requiring taxicab drivers to have equipment to process credit and debit cards as payment for fares.