

Distributed on:

SENT TO COUNCIL: _____

JAN 28 2009

Memorandum
by City Manager's Office

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: WILLIAM F. SHERRY,
A.A.E
JAMES R. HELMER

**SUBJECT: REALLOCATION OF
AIRPORT TAXICAB
COMPANY PERMITS**

DATE: 01/23/09

Approved

Date

1/27/09

INFORMATION

At the January 13, 2009 City Council meeting during the Open Forum, a speaker addressed the City Council regarding the upcoming reallocation of Airport taxicab company permits. The speaker raised a concern about the ability of companies not receiving an allocation to attract taxicab drivers and operate at the Airport. The Mayor requested that staff provide information that reminds the City Council of the previously adopted process for reallocation.

The City's Taxicab Service Model, implemented in September 2005, allocated the 300 Airport taxicab permits in the following manner: 195 directly to individual drivers who then choose to affiliate with a taxicab company, and 105 directly to taxicab companies, who in turn assign them to taxicab drivers contracting with their company. The City's Taxicab Service Model and a City Council approved memorandum from the Mayor and Councilmember Liccardo dictates the annual reallocation process for the 105 Airport taxicab company permits. Regardless of whether a taxicab company receives any Airport taxicab company permits during the annual reallocation, a taxicab company still has the opportunity to pick up passengers from the Airport on a pre-arranged basis or to attract any of the 195 drivers that have their own Airport permit. Serving the Airport is not contingent upon having Airport taxicab company permits.

The Taxicab Service Model reallocates Airport taxicab company permits annually based on the number of trips "originating within the City of San Jose, but not obtained through the Airport on-demand dispatch system" as specified in the November 19, 2007 Council approved memorandum. This method of reallocation was designed into the Taxicab Service Model as an incentive for taxicab companies to improve their service coverage throughout San Jose, to develop their customer service and dispatch systems, and to not concentrate solely on Airport business. If taxicab companies installed an approved system, they would receive a minimum allocation of three permits, regardless of how many trips were provided during the year. The eligibility requirements and rationale for the annual reallocation process were reiterated to all taxicab companies at a November 19, 2007 meeting conducted by Mayor's Office, and staffed by the Transportation, Airport and Police Departments.

01-23-09

Subject: Reallocation of Airport Taxicab Company Permits

Page 2

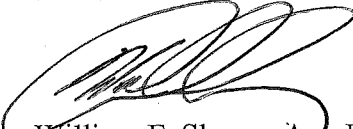
In January of 2008, staff sent all taxicab companies two letters that reiterated the City Council adopted eligibility requirements including minimum fleet and driver size, clean air vehicle use, the need to be current on fees and charges due and the need to utilize a computer aided dispatch and GPS and fleet tracking system to ensure trip reporting accuracy, improve fleet management and customer response, to be eligible for the reallocation of Airport taxicab company permits effective April 1, 2009. In addition, the letters described the specific features and functionality of the computer aided dispatch system and that only trip data collected and reported through an approved system would count towards future Airport taxicab company permit reallocation. Taxicab companies were encouraged to contact staff if they had questions regarding the evaluation of any system and the system's ability to meet the eligibility requirements.

In March of 2008 staff sent follow-up letters to all taxicab companies restating the eligibility requirements for the April 1, 2009 reallocation. As a follow up to the March letter, staff initiated site visits to all taxicab companies that were installing a computer aided dispatch system. Staff notified each taxicab company of the results of the site visit and system verification including whether the system was fully accepted making trip reporting eligible, or whether the system was in partial compliance and what additional system elements were need to be fully approved.

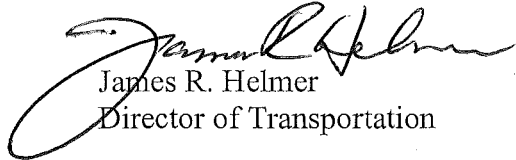
Three companies, Yellow, Silicon Valley Checker and United Cab had systems installed that met the eligibility requirements and were active prior to April 1, 2008. Three additional companies; Golden Star (aka Green Cab), Milpitas and City Cab had systems installed that met the eligibility requirements effective June 1, 2008. California and Alpha Cab installed systems that met some requirements, but were not sufficiently configured to avoid manual modification or manipulation and thus have not been approved. The remaining cab companies informed staff they would not be installing the required systems. Those taxicab companies included All Star, American, Executive, Rainbow, National, and USA Express Cab.

Future Airport taxicab company reallocations will occur annually and be in effect for the period of April 1 thru March 31. The time period to be used for data collection for all subsequent reallocations is the twelve-month period of January 1 to December 31. Companies that activate a computer aided dispatch and GPS system after January 1, 2009 but before December 31, 2009 will be eligible to receive a minimum allocation of three Airport taxicab company permits in April 2010. Additional permits may be allocated based on those trips reported after the date of activation and approval of the system.

The reallocation of Airport taxicab company permits to be effective April 1, 2009, will be distributed to companies in mid-February, using the criteria previously established and used in the last reallocation that went into effect on January 1, 2008.



William F. Sherry, A.A.E
Director of Aviation



James R. Helmer
Director of Transportation

If you have questions contact Jim Ortbal at 535-3845 or Bob Lockhart 277-5249.