

Yellow Checker Cab Company, Inc.

1880 South 7th St., San Jose, Ca 95112

Office (408) 286-3400

Fax (408) 293-0301

Taxi (408) 293-1234

October 8, 2007

Agenda October 16, 2007
Item 6.3(b)

Mayor and City Council Members
City of San Jose
200 E. Santa Clara Street
San Jose, CA. 95113

Re: Taxi Cab Permit Allocation

Dear Honorable Mayor Reed and Council Members:

We ask you to approve the Staff recommended allocation of taxi cab company airport access permits in accordance with the "Methodology for Adjusting Airport Access Permits" approved by the San Jose City Council on November 18, 2004, in proportion to the amount of off-Airport trips performed in the prior year by each company. The reallocation of Taxicab Company Airport Access Permits was to take place two years after the initial distribution and annually thereafter. The original distribution took place in September 2005. Therefore, the reallocation based on that formula should have occurred in September of this year.

When the Council discontinued the Taxicab Concessions and adopted the new Taxicab Service Model program, it articulated a strong goal of having taxicab companies market their services to increase service in the rest of the City and to provide more income for the drivers. Taxicab companies were provided the two year development period from September 2005 through September 2007 to build and develop their off Airport business, install enhanced computer aided dispatch systems, and meet fleet and driver requirements to better serve the entire City. The expressed incentive was the future reallocation of the Permits.

Yellow Checker Cab is a locally owned business. The move from the concession to the new Taxicab Service Model immediately cost us approximately 20% of our business. Moreover, around 180 of our drivers, who were previously eligible to serve the airport, were no longer eligible to serve the airport and lost much of their income.

However, the City made a commitment, not only to us, but to the drivers who lost out in the process, to reallocate company airport access permits after two years based on the comparative amount of off-Airport trips performed in the prior year. Yellow/Checker Cab took that commitment to heart and so did our remaining drivers. We made the extra investment and



they worked the extra hours to make sure that we would earn the extra allocations. And, earn them we did.

1. The City Needs To Keep Its Commitments

If the City wants to be a "business friendly" city, where businesses feel confident making investments, it must keep its promises. Changes should not be made after the fact to favor those who did not perform as required. It is one thing to change the criteria for the future after careful study and it is another to change the criteria retroactively.

A. We made substantial efforts to meet the goal of enhanced citywide service.

We have hired an additional sales and marketing representative. We purchased advertisements on radio and print media including, not just the Mercury News, but also all of the Community Newspapers, the Metro, Wave and high school papers. We sponsored Downtown and local events, including the Grand Prix, Music in the Park and Music in the Other Park.

In addition to these advertising and out reach efforts, we designed a brand new web site with a link to Sanjose.org. We provided a means for on-line orders and a new taxi fare estimator in order to encourage people to take a cab.

It is not just the fact that Yellow/Checker Cab made a substantial investment and effort to achieve the goal but that most other companies did not make that effort. Their energies focused exclusively on serving the airport. If their efforts to achieve non-airport trips had been greater, the allocation earned by Yellow Cab would have been less.

B. The criteria and requirements were clear.

All of the companies agreed on the criteria and requirements at the time of the change. Staff did extensive outreach after adoption of the Program by the Council. There were at least 10 meetings to which all companies were invited over the two-year period. The criteria and requirements were reiterated. All questions were answered. Staff made themselves very accessible to the companies at all times.

C. Most drivers are independent business people.

The Council should keep in mind that most drivers are independent business people. Yellow/Checker Cab's has 278 licensed drivers, who are independent contractors. The reallocation will allow 30 of these drivers to enjoy the benefit of again serving the airport. They earned this privilege by putting the extra hours in an effort to earn the increased allocations.

The desire to give drivers a choice of companies was also achieved. When this program was adopted 65 drivers immediately left Yellow Cab. Over the two years, although, Yellow cab could not offer airport permits as an inducement, at least 16 drivers have returned.

There are 195 airport drivers permits Citywide. Those drivers can go to any cab company they choose and still serve the airport. All other drivers are dependent on the company having an available permit. It is not fair to the drivers of Yellow/Checker Cab to take allocations that the company and its drivers have earned and give them to another company for its drivers.

2. The criteria were fair.

We have heard basically two concerns about the criteria. While we think the criteria are fair, certainly, if you form a Taxi Commission, it is reasonable for them to review the criteria for future application but any new criteria should not be applied retroactively.

A. Return Trips

The criterion was clear and unambiguous that all trips by San Jose licensed drivers would count. We planned our business model, to the best of our ability, to enable our drivers to benefit from return trips when they drive someone to a neighboring city from the airport or anywhere. Most of our neighbors, including Milpitas, Cupertino, Saratoga, Campbell, Los Gatos, and Monte Sereno are deregulated and only require a business license to pick up fares in those communities. All San Jose licensed drivers are eligible to pick up in those communities. Moreover, nothing prevents other cab companies from applying to be licensed in Sunnyvale, Mountain View or Palo Alto so they can also pick up fares in those cities.

B. Record Keeping

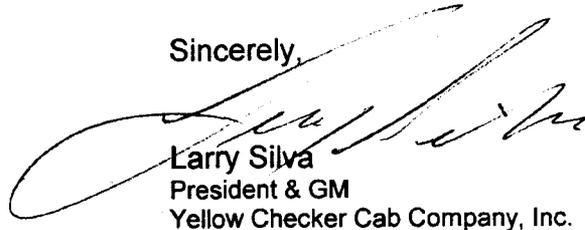
The trip log-keeping requirement was also clear and unambiguous. It was intended to prevent falsification of records. It is essential that there be verification in order for everyone to have full confidence in the figures reported.

CONCLUSION

The City's compact with the taxicab companies and drivers was that there would be a reallocation of airport permits in September 2007 in proportion to the amount of off-Airport trips performed in the prior year by each company. The promised reallocation has been continued and continued. Fairness dictates that the Council live-up to its commitments and allocate the permits according to the adopted criteria at this time without further delay.

Thank you for your consideration.

Sincerely,



Larry Silva
President & GM
Yellow Checker Cab Company, Inc.

LS/bm

cc: Ed Shikada
James Helmer
Robert Lockhart

Rainbow Cab, Inc/ Executive Cab

946 Lincoln Ave. San Jose, CA 95126 tel. 408 271-9900

October 7, 2007

Agenda October 16, 2007, Item 6.3(b)

Mayor and City Council Members
City of San Jose
200 E. Santa Clara Street
San Jose, CA 95113

Re: Taxi Cab Permit Allocation

Dear Honorable Mayor Reed and Council Members:

We ask you to approve the Staff recommended allocation of taxi cab company airport access permits in Accordance with the "Methodology for Adjusting Airport Access Permits" approved by the San Jose City Council on November 18 2004, in proportion to the amount off-Airport trips performed in the prior year by each company. The reallocation of Taxi Cab Airport Access Permits was to take place two years after initial distribution and annually thereafter. The original distribution took place in September 2005. Therefore, the reallocation based on that formula should have occurred in September of this year.

When the Council adopted the new Taxicab Service Model program, it articulated a strong goal of having taxicab companies market their services to increase service in the rest of the City and to provide more income for the drivers. Taxicab companies were provided the two year development period from September 2005 through September 2007 to build and develop their off Airport business, install enhanced computer aided dispatch systems, and meet fleet and driver requirements to better serve the entire City. The expressed incentive was the future reallocation of the Permits.

When the Airport Permits were first given out, Rainbow Cab had 30 cabs and 25 drivers. Rainbow Cab was allotted 18 company permits. When time came to actually distribute the permits, 10 permits were taken from Rainbow Cab and redistributed to smaller companies that, although

2007 OCT 15 P 3:50
PROCESSED
San Jose City Clerk

they had different names, were managed and owned by the same person/people.

The small companies actually ended up with more permits than Rainbow Cab.

We did not complain!

195 airport driver permits were given to drivers at Yellow Cab and United Cab only, none to Rainbow Cab drivers.

We did not complain! We accepted new program and started working hard, together with the drivers to be in compliance In two years, with the a lot of work, we grew to 60 cabs and 55 drivers.

Apparently this program does work for taxi companies who are willing to build their off Airport business!

However, the City made a commitment, not only to us, but to the drivers who lost out in the process, to reallocate company airport access permits after two years based on the comparative amount of off-Airport trips performed in the prior year. Rainbow/Executive Cab took that commitment to heart and so did our remaining drivers.

If the City wants to be a "business friendly" City, where business feel confident making investments, it must keep its promises. Changes should not be made after the fact to favor those who did not perform as required.

All of the companies agreed on the criteria and requirements at the time of the change. There were at least 12 meetings to which all companies were invited over the two-year period. The criteria and requirements were reiterated and all questions were answered.

The criterion was clear and unambiguous that all trips by San Jose licensed drivers would count.

The trip log-keeping requirements were also clear . It was intended to prevent falsification of records.

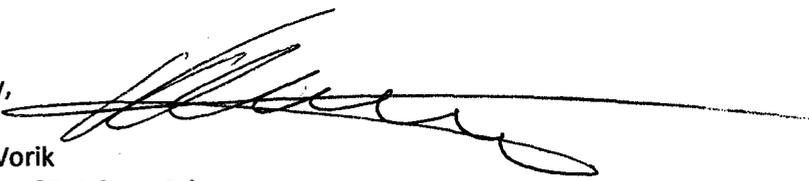
Conclusion

The City's contract with the taxicab companies and drivers was that there would be a reallocation of airport permits in September 2007 in proportion to the amount of off-Airport trips performed in the prior year by each company. The promised reallocation has been continued and continued.

Fairness dictates that the Council live-up to its commitments and allocate the permits according to the adopted criteria at this time without further delay.

Thank you for your consideration.

Sincerely,


Dmitriy Vorik
President of Rainbow Cab, Inc.