

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer
William F. Sherry, AAE

SUBJECT: CLARIFICATION QUESTIONS
COUNCILMEMBER MEMO 8-04-08

DATE: 08-05-08

Approved

Date

8/5/08

REASON FOR SUPPLEMENTAL MEMO

The purpose of this memo is to request clarification on the memorandum from Councilmembers Constant, Campos and Pyle in the event the City Council adopts the recommendations.

Recommendation #1: The annual automatic inflation adjustment assumes that rates will be adjusted annually, either up or down, based upon the Transportation CPI. That indicator has risen and dropped year over year in the past, and may result in an actual meter rate drop in an individual year. The effort to re-calibrate and inspect 500 taxicab meters annually may be burdensome for the industry, especially if lower rates were to result. An alternative that will likely avoid a meter rate decrease is for the automatic adjustment to occur every other year.

The recommended adjustments, based upon the Transportation CPI, are assumed to be rounded for ease of understanding by the customer. If calculated exactly, taxicab meter rates would likely be set in increments of pennies (e.g. a 5% adjustment would result in the flagdrop going from \$3.50 to \$3.675). If there is more specific direction, staff would appreciate that direction.

Recommendation #2: Staff understands the recommendation to continue the gasoline surcharge above \$2.00 per trip if gasoline exceeds \$6.50. However, it is important to understand that as part of the current rate setting process, staff anticipated that future reviews of the base meter rate and the gasoline surcharge would occur in a coordinated manner. Annual inflation adjustments based upon the Transportation CPI, and applicable gasoline surcharges, would count changing fuel costs twice in the customer fare (e.g. in the base meter rate and the gasoline surcharge). Staff anticipated rolling gasoline surcharges into the base meter rate over time if future gasoline prices remained above \$4.50, and appeared to become a fixture of industry expenses. The \$2 gasoline surcharge, applied in \$0.50 increments, would be correlated and adjusted upward to protect against future rising gasoline prices. Staff would like to confirm that the proposed Council direction would not preclude rolling the surcharge into the base meter rate.

Recommendation #3: The implementation of the trip fee for trips to Mineta San Jose International Airport would be presented to City Council at a future date for all commercial ground transportation providers, and the fee would be designed in an equitable, pro-rata share based upon the specifics of each industry. The Transportation and Environment Committee workplan currently anticipates a report on Airport ground transportation services in September,

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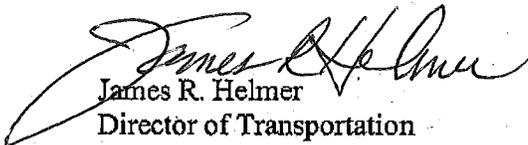
Subject: Clarification Questions Councilmember Memo 08-04-08

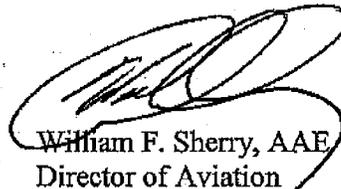
Page 2

which may need to be rescheduled later in the Fall. Staff would like to confirm that this follow-up is consistent with the proposed Council direction.

Recommendation #4: If this recommendation precludes other alternatives from consideration, such as operational solutions or flat fares, taxicab meters should be calibrated and inspected in connection with the base meter adjustment that is proposed to occur now. If the Council adopts the \$15 minimum fare, but delays implementation for 60 days requiring staff to return with a recommendation, taxicab meters would need to be calibrated and inspected again, causing unnecessary time and resources from staff and the taxicab industry. The minimum \$15 fare is assumed to be an all inclusive fare that would cover the first three miles of any trip from Mineta San Jose International Airport. If this recommendation seeks exploration of alternatives beyond the minimum fare, such as operational solutions or flat fares, staff could provide that information and a recommendation within 90 days.

As part of this rate setting process staff explored the concept of more routine staff initiated adjustments to taxicab meter rates and surcharges. The City Attorney's Office informed staff that Municipal Code 6.64.250 currently only allows the City Council to adjust taxicab meter rates. The City Attorney's Office will need to draft an ordinance that allows staff to make the rate adjustments as recommended in the Councilmember memo for that to become effective.


James R. Helmer
Director of Transportation


William F. Sherry, AAE
Director of Aviation