

Memorandum



Date: November 27, 2013

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Taxicab Growth Formula –Final Report

This final report regarding the Taxicab Growth Formula is provided pursuant to the adoption of Ordinance No. 12-51 on July 3, 2012 amending taxicab service requirements in Section 31-82 (p) of the Code. The ordinance requires the Board to hold a public hearing to consider a Mayor's report and the results of a study required under Section 31(82)(p)(l) to determine the need for additional for-hire taxicab licenses no later than December 2013. The Board, by ordinance, shall establish a formula for determining the number of for-hire taxicab licenses authorized after January 1, 2014. In reaching this decision, the Board shall consider the results of the study, the recommendations of the Mayor and all evidence produced at the public hearing.

Determining the appropriate number of taxicabs is controversial in every market wherein the number is controlled by law or regulation. Allowing either too many, or too few, can have a negative impact on availability, quality of service and viability. Some jurisdictions use a population based formula while others attempt to determine need and necessity. Research shows there is no standard method for formula development. In Miami-Dade County in particular, a historic lack of technology impedes collection of verifiable and quantifiable information to assist regulators in establishing true supply and demand measures and determining the optimal number of taxicabs required to service the local market.

The Board's adoption of Ordinance No. 98-105 in July 1998 enacted major reforms governing this industry and established an annual lottery system. That system commenced January 1, 1999 through June 6, 2003 and issued twenty-five (25) new for-hire taxicab medallions each year. The Ordinance included provisions to foster owner-drivers in hopes of improving the quality of service. Hence, new medallions were issued by lottery only to taxicab chauffeurs who were required to operate the taxicab for a minimum of one (1) shift per day for an average of five (5) shifts per week. In addition, future sales of taxi medallions were to be made only to taxicab chauffeurs who were required to operate the taxicab. Prior to 1998, 1,824 taxicab medallions existed, of which 114 (6 percent) were held by owner-drivers; presently there are 2,121 licenses with approximately 600 (28 percent) owner-drivers.

Ordinance No. 98-105 also mandated adoption of a population ratio formula of 1:1,000 intended to govern the annual issuance of new medallions after June 2003. However, Ordinance No. 04-103 deleted this requirement and instead mandated a study to examine the use of taxicabs by visitors and residents, utilization of wheelchair accessible taxicabs, geographic distribution of taxicabs, the impact of additional taxicabs on existing taxicab chauffeurs, and a growth formula recommendation for the number of medallions. Dr. Ray Mundy of the Tennessee Transportation & Logistics Foundation (TTLF) conducted the Taxicab Ridership Study which the Board accepted on July 10, 2007. The report recommendations stated, "The future demand for taxicabs is made up of existing demand plus evidence of new demand from four equally weighted sources or demand drivers. These are: 1) Passenger Service Companies records indicating year over year increases in calls and the level of unmet calls, 2) Airport and Seaport records of the number of taxicabs dispatched year over year increase, 3) percentage increase in hotel occupancy room nights within Miami-Dade County as provided by the Hotel & Motel and Visitors Bureau, and 4) general population growth."

Given the lack of electronic dispatch technology through the local industry at the time, the report recommended continuation of annual lotteries directed to underserved areas as an interim approach. This would allow the continuing issuance of medallions to owner-drivers while a more permanent formula was finalized following the introduction of new technology. As you are aware, technology mandates for all taxicabs are included as part of the Administration's Ambassador Cab legislation pending before the Board under the sponsorship of Commissioner Jose "Pepe" Diaz. Dispatch technology is scheduled to be phased in first for the airport and seaport within 24 months and countywide within 30 months of ordinance adoption.

Development of a growth formula has been an ongoing topic of discussion by the Taxicab Advisory Group (TAG) as has been reported in quarterly submissions to the Board since the adoption of Ordinance No. 12-50. In January 2013, TAG created a Growth Formula Sub-committee to review new technologies and methodologies for development of a formula workable in today's marketplace. At TAG's July 23, 2013 quarterly meeting, the sub-committee presented their conclusions for a proposed formula which received unanimous approval.

TAG's formula provided an incremental approach to growth consisting of two percent (2%) increases in the total number of medallions, rounded up to the next whole number ending in five (5) each year for the next five (5) years. For example, two percent (2%) of 2,121 equals 43; rounded to the next whole number ending in five (5) equals 45. In the initial year, fifty percent (50%) of new medallions issued would be required to operate wheelchair accessible vehicles. This represents 22.5 which has been rounded up in the chart below, assigning 23 medallions for regular cabs and 22 for wheelchair accessible cabs. Thereafter, the percentages for wheelchair accessible vehicles would be forty percent (40%) in the second year; thirty percent (30%) in the third year; twenty percent (20%) in the fourth year; and ten percent (10%) in the fifth year. After the first year, the Department of Regulatory and Economic Resources (RER) shall evaluate the demand for accessible taxicab service and shall have the authority to adjust up or down the number of licenses required to use accessible vehicles to be issued each year. TAG further recommended holding an annual auction for two (2) additional wheelchair accessible medallions and all auction proceeds were to solely be utilized for funding regulatory enforcement costs and activities. TAG's formula recommendation was meant to be a temporary solution for medallion growth in the absence of dispatch technology.

TAG Proposed Growth Formula*

Medallion Lottery Type	Initial Year	2 Year	3 Year	4 Year	5 Year
Regular Cab	23	27	31	40	45
Wheelchair Cab	22	18	14	10	5
Total Number in Medallion Lottery	45	45	45	50	50
Additional Wheelchair Accessible Medallions to Auction	2	2	2	2	2
Total New Lottery/Auction & existing Medallions	2,168	2,215	2,262	2,314	2,366

*Based on today's medallion number of 2,121.

RER staff supports this mechanism for incremental growth in new taxicabs. Over the last fourteen (14) years, various Board actions introduced an additional 291 lottery-issued medallions and 6 auctioned medallions, representing a 16% increase in the number of medallions since 1998. The industry has adequately absorbed these medallions, and there has been significant interest on the part of taxicab chauffeurs to obtain additional medallions as evidenced by the level of participation in the 2009 and 2011 lotteries. In 2009, 549 drivers applied for the twenty-five (25) medallions offered; in 2011, 193 senior-drivers applied for the four (4) medallions offered.

Miami-Dade County's population continues to grow yearly. The Greater Miami Convention and Visitors Bureau reports record increases in international and domestic visitors. Increases in taxicab trips originating from Miami International Airport and PortMiami as recorded by the Ports also supports an incremental lottery for the next five (5) years. If the Board adopts the pending Ambassador Cab legislation, a more permanent formula can be developed for the future based on actual dispatch data.

If you have any questions, please do not hesitate to contact Joe Mora, Chief, For-Hire Transportation Division at 305-375-4578 or me directly.

c: Jack Osterholt, Deputy Mayor/Director, RER
 Joe Mora, Chief, For-Hire Transportation Division, RER