

Memorandum



Date: October 8, 2014

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

From: Carlos A. Gimenez
Mayor 

Subject: Report Regarding Feasibility and Evaluation of Technology Surcharge for Taxicabs

On January 29, 2014, the Board of County Commissioners adopted Resolution R-87-14 directing the Mayor or Mayor's Designee to explore and evaluate funding options, such as a technology surcharge to pay for technology upgrades in taxicabs. This report is provided pursuant to Resolution R-87-14.

The Board of County Commissioners adopted, on January 29, 2014, two significant pieces of legislation, Ordinances 14-08 and 14-09. The two ordinances require technology upgrades to all taxi vehicles servicing Miami International Airport and PortMiami within the next year and all taxi vehicles county wide in the next two years. These technology upgrades include centralized Global Positioning Dispatch, credit card payment processing, security cameras, top tail lights, emergency warning lights and SunPass toll payment devices. Additionally, the two ordinances require newer vehicles when a taxicab is replaced which translates into increased costs for whoever is responsible for acquiring vehicle; either the driver, passenger service company or vehicle operator.

The mandated technology upgrades require monetary investments for the initial installation of the requirements such as the Passenger Information Monitor associated with credit card payment processing equipment, taxi meter and the security camera. While Ordinances 14-08 and 14-09 require that taxicabs be integrated with a global positioning dispatch system (GPS) within 24 to 30 months, this equipment is part of the taxi company's dispatching service for which drivers pay a monthly fee to utilize. Therefore, for purposes of this report, GPS is not considered a technology that is a new expense.

The estimated cost and/or value associated with each required upgrade is as follows:

Technology Equipment/Upgrade	Installation/ Average Cost (includes installation)
Passenger Information Monitor ¹	\$2,700
Meters	\$410
Security Cameras	\$665
Warning Lights	\$100
Top Tail Lights	\$185
SunPass	No Cost

The total costs of implementing the technology upgrades for all Miami-Dade County taxis, depending on what technology upgrades will be subsidized by the surcharge, can range between \$3 million - \$8.6 million. An increase in the cost of operating a taxi will likely become a pass through cost for drivers. Recognizing that the Board is unable to control lease prices between passenger service companies and taxi drivers, the Board has expressed its interest in addressing the increasing costs of operating a taxi for drivers. However, Miami-Dade County does not have the ability to provide funding for the technology upgrades.

¹ Most credit card service providers have agreed to install systems in taxicabs at no upfront cost to the driver. However, in an abundance of caution and recognizing that credit card service providers may implement other charges to recoup the cost of installation, the installation costs have been included in this cost chart.

Miami-Dade County has identified options to address the funding of the required equipment. One option would be a technology surcharge added to the cost of each taxi fare to defray the costs of complying with mandated technology upgrades. The attached Exhibit A displays Tables 1 and 2 which provides surcharge options that include different expected expenditures that would be subsidized by the technology surcharge, extrapolated over a range of years using varying levels of expenditures to subsidize, and tied to the number of trips per day ranging between five (5) and fifteen (15) trips per day.

To achieve the desired outcome, legislation establishing a technology surcharge of one-dollar (\$1.00), collected and retained by drivers over a period of two (2) years could be enacted. If implemented, the surcharge would be collected for every fare. Any technology surcharge implemented by the Board would be in addition to the impending cash discount required by Ordinances 14-08 and 14-09 and the anticipated increase in the taxicab rate which has remain unchanged since 2005. A technology surcharge paid directly to drivers would be a viable option based on the Board's stated concerns that taxi drivers not have to bear the cost.

A second option would be to require the companies installing the required credit card payment processing equipment to also provide and install the additional required equipment at no cost to the driver. The cost of the equipment would be incorporated into the impending cash discount required by Ordinances 14-08 and 14-09 and would include any costs associated with repair, replacement or upgrades at no cost to the driver. This option was proposed and recommended by the Taxicab Advisory Board (TAG) at its April 30, 2014 meeting. The TAG recommended that the cash discount be fixed in the amount of \$2.70 and suggested that this amount would cover the expenses associated with the installation of all of the required technology with the exception of the top lights and emergency warning lights. The TAG recommended that this minimal cost (\$285) be absorbed by the driver, vehicle owner or medallion owner. This option has been discussed with a number of the companies expected to apply to the Department of Regulatory and Economic Resources (Department) for authorization to install the credit card payment processing equipment. The companies indicated that the \$2.70 cash discount would be sufficient to cover the expenses associated with the required technology.

It is recommended that the Board of County Commission consider incorporating the costs associated with the required technology into the impending cash discount as discussed in this report. In conjunction with this recommendation, the Department would incorporate a requirement into the standards for credit card payment processors currently being developed that each company shall be required to acquire and install all of the required technology. When implemented, a taxicab passenger will receive the established cash discount for each instance where payment of the taxicab rates or fares are is made by cash, check or other means not involving the use of a credit card.

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

Attachments

c: Jack Osterholt, Deputy Mayor
Josh Gelfman, Deputy Director, RER
Christopher Agrippa, Clerk of the Board
Joe Mora, Division Chief, For-Hire Transportation, RER

Exhibit A: Technology Surcharge Calculation Tables

These tables calculate the technology surcharge amount that will cover the total amount of costs of the technology that is being subsidized based on estimated trips per day and the number of years in which the surcharge is implemented. Each table subsidizes a different set of technology upgrades for each of 2121 taxicabs in Miami Dade County. The total amount to subsidize the specific costs in each table is derived by multiplying the total number of taxi cabs 2121 by the total cost per vehicle. Each table provides the expected surcharge for each expense amount if amortized over one, two, three or four years.

TABLE 1
Meter \$410, Camera, \$665, Emergency Warning Light, \$100, Top Light \$185
Total amount subsidized \$2,884,560

\$1,360
 Equipment
 cost

\$1,360
 Equipment
 cost

\$1,360
 Equipment
 cost

\$1,360
 Equipment
 cost

Trips per day	Trips per week (6-day workweek)	Trips per month (trips per yr/12mo.)	Trips per year (trips p/week X 52)	Technology Surcharge	2-years	Technology Surcharge	3-years	Technology Surcharge	4-years	Technology Surcharge
5	30	130	1560	\$0.87	3120	\$0.44	4680	\$0.29	6240	\$0.22
7	42	182	2184	\$0.62	4368	\$0.31	6552	\$0.21	8736	\$0.16
10	60	260	3120	\$0.44	6240	\$0.22	9360	\$0.15	12480	\$0.11
12	72	312	3744	\$0.36	7488	\$0.18	11232	\$0.12	14976	\$0.09
15	90	390	4680	\$0.29	9360	\$0.15	14040	\$0.10	18720	\$0.07

In Table 1, the cost of a new meter, security camera, emergency warning light and top light are the subsidized costs which total \$1,360 per taxi cab. The total amount to subsidize the specific costs for all taxis in Miami Dade County is \$2,884,560. Using this total number with an estimated number of trips per year, the table identifies the amount of the technology surcharge that is necessary to cover the total subsidy costs within an estimated number of trips. For example, in Table 1, estimating 10 trips/fares per day, a one-year technology surcharge assessed per trip in the amount of forty-four cents (\$.44) would cover the total subsidy to taxi drivers.

TABLE 2
Meter \$410, Camera, \$665, Emergency Warning Light, \$100, Top Light \$185, Passenger Information Monitor \$2,700
Total amount subsidized \$8,611,260

\$4,060
 Equipment
 cost

\$4,060
 Equipment
 cost

\$4,060
 Equipment
 cost

\$4,060
 Equipment
 cost

Trips per day	Trips per week (6-day workweek)	Trips per month (trips per yr/12mo.)	Trips per year (trips p/week X 52)	Technology Surcharge	2-years	Technology Surcharge	3-years	Technology Surcharge	4-years	Technology Surcharge
5	30	130	1560	\$2.60	3120	\$1.30	4680	\$0.87	6240	\$0.65
7	42	182	2184	\$1.86	4368	\$0.93	6552	\$0.62	8736	\$0.46
10	60	260	3120	\$1.30	6240	\$0.65	9360	\$0.43	12480	\$0.33
12	72	312	3744	\$1.08	7488	\$0.54	11232	\$0.36	14976	\$0.27
15	90	390	4680	\$0.87	9360	\$0.43	14040	\$0.29	18720	\$0.22

In Table 2, the cost of a new meter, security camera, emergency warning light, top light, and passenger information monitor are the subsidized costs which total \$4,060 per taxi cab. The total amount to subsidize the specific costs for all taxis in Miami Dade County is \$8,611,260. Using this total number with

Exhibit A: Technology Surcharge Calculation Tables

an estimated number of trips per year, the table identifies the amount of the technology surcharge that is necessary to cover the total subsidy costs within an estimated number of trips. For example, in Table 2, estimating 7 trips/fares per day, a two-year technology surcharge assessed per trip in the amount of ninety-three cents (\$0.93) would cover the total subsidy to taxi drivers.