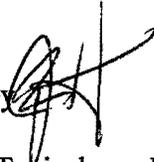


MEMORANDUM

July 17, 2015

TO: County Council

FROM: Josh Hamlin, Legislative Attorney 

SUBJECT: **Action:** Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards

Transportation, Infrastructure, Energy and Environment Committee recommendation (2-1, Council Vice President Floreen opposed): enact Expedited Bill 53-14 with amendments.

Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards sponsored by Councilmembers Floreen, Berliner, Riemer, and then Council President Rice; Bill 54-14, Taxicabs – Transportation Network Service - Requirements, sponsored by Councilmembers Berliner and Floreen; and Bill 55-14, Taxicabs – Centralized Electronic Dispatch System, sponsored by Councilmember Riemer, were introduced on October 28, 2014. A public hearing on all three Bills was held on December 2, 2014. The T&E Committee held worksessions on the Bills on January 26, February 9, February 27, March 10, June 8, and June 22, 2015.

As introduced, Expedited Bill 53-14 would:

- permit the holder of a fleet Passenger Vehicle License to grant a sublicense to another person;
- increase the age limits for vehicles used as taxicabs;
- amend certain requirements for color and markings of vehicles used as taxicabs;
- allow software-based meters to be used in taxicabs; and
- amend certain requirements for temporary identification cards for taxicab drivers.

December 2, 2014 Public Hearing

The T&E Committee held a public hearing on all three Bills on December 2, 2014. There were 30 speakers at the hearing, representing a wide range of perspectives on the issues covered in the Bills. Public hearing testimony is summarized and included in the packet for the January 26 worksession.

January 26, 2015 T&E Worksession

The Committee held its first worksession on the Bills on January 26, 2015. The packet for that worksession raised a number of issues of common concern to the owners and operators of “traditional” regulated taxicabs and the TNCs and drivers that Bill 54-14 would regulate. These issues also encompass many of the amendments to existing law regulating taxicabs that are proposed in Expedited Bill 53-14. The Committee discussed the issues of insurance,

fares/ratesetting, driver background checks, and began discussion of the question of licensing both TNCs and TNC drivers.

February 9, 2015 T&E Worksession

The Committee held a second worksession on the Bills on February 9, 2015. In that worksession, the Committee discussed licensing, vehicle standards, data and trip records, and customer service, as well as proposed changes to Chapter 53 received from the Coalition for a Competitive Taxicab Industry (“CCTI”) after the introduction of the Bills.

February 27, 2015 T&E Worksession

The Committee held a third worksession on the Bills on February 27, 2015. The Committee discussed several of these issues raised by a number of taxicab drivers through the Montgomery County Professional Drivers Union (“MCPDU”) about their relationships with taxicab companies at that worksession. Specifically, the Committee considered: (1) whether to set caps on lease rates for taxicabs; (2) whether to permit taxicab drivers to use their own credit card processing terminals, and whether to cap rates that fleets may charge their drivers for credit card processing; (3) whether to limit other charges imposed on drivers by fleets; (4) whether the County should develop and require the use of uniform lease contracts; (5) whether the dispute resolution currently required to be provided for in operating agreements between fleets and drivers should include binding arbitration; and (6) how best to ensure the availability of accessible transportation with the entry of TNCs into the market.

March 10, 2015 T&E Worksession

On March 10, 2015, the Committee held a fourth worksession on the Bills. At that worksession the Committee discussed elements of Councilmember Riemer’s proposal concerning digital dispatch, various driver protections, and the issuance of 200 new PVLs to individuals. The sublicensing of PVLs was also discussed, without resolution, in the March 10 worksession.

June 8, 2015 Worksession

At the June 8 worksession, the Committee considered a substitute bill including provisions that the Committee had, by straw vote, tentatively resolved to include in the bill sent to full Council. These provisions fell into three categories: (1) amendments to ease certain regulatory requirements to allow taxicabs to better compete with the TNCs that have entered the marketplace, including provisions from Bill 53-14; (2) amendments related to the establishment of a centralized electronic dispatch system contained in Bill 55-14; and (3) amendments intended to improve conditions for drivers that do not own their own PVLs. The Committee also considered provisions that were included in the original bills or raised in prior worksessions, but remained unresolved.

June 22, 2015 Worksession

At its June 22 worksession, the Committee concluded its work on the Bill, considering a number of amendments, general technical in nature, requested by DOT – primarily amending

and adding definitions, and clarifying certain enforcement provisions. The Committee also considered the licensing regime under Chapter 53: removing certain restrictions on transferability PVLs, amending provisions related to the issuance or reissuance of PVLs, and deleting the provisions of the Bill allowing sublicensing of PVLs. Finally, the Committee acted on a proposal from Councilmember Riemer to substantially alter the structure and implementation of the centralized electronic dispatch system proposed in Bill 55-14.

The County Taxicab model

Most County taxicab companies lease their vehicles to drivers by the day or the week, and it's up to the driver to meet his expenses and make a living. Taxicab leases are often upward of \$100 per day, and the driver keeps his vehicle full time. Under this model, the company has little direct interest in how much business the driver turns over, but if it has many drivers making good money, demand to lease its vehicles will increase, and it may collect more money in lease fees. Under a lease system, the driver typically pays for the gas, while the company pays for any repairs. Taxicab companies that run on a lease arrangement make their money on how many vehicles are being used -- in effect turning them into car rental companies that provide dispatch, marketing, insurance, and credit card payment processing services.

In addition to the fleets that hold the majority of PVLs and engage the services of lessee-drivers as described above, there are 221 PVLs held by individuals. Individual PVL holders own their own vehicle, but must affiliate with a fleet or association.¹ Affiliation rates are substantially lower than lease rates, as they essentially represent the cost to a driver of using a fleet's dispatch and marketing. At present there are five fleets operating in the County, with PVLs apportioned as follows:

Total - 770 PVLs:

- Barwood Cab – 300 PVLs plus 159 affiliated licensees
- Regency Cab -113 PVLs plus 22 affiliated licensees
- Action Taxi - 62 PVLs, plus 17 affiliated licensees
- Sun Cab – 60 PVLs plus 11 affiliated licensees
- Orange Taxi - 14 PVLs plus 12 affiliated licensees

Expedited Bill 53-14 as recommended by the T&E Committee

The Bill before the Council evolved over the course of six worksessions considering three Bills – 53-14, 54-14, and 55-14. In addition to including most of the provisions of Expedited Bill 53-14 as it was introduced, the Bill before the Council includes language establishing a centralized electronic dispatch system in the County, as was proposed in Bill 55-14. Bill 54-14, which would have regulated transportation network companies (TNCs) such as Uber and Lyft, was generally preempted by the Maryland General Assembly's enactment of a bill comprehensively regulating TNCs² on the last day of its 2015 session.³ The three Bills, as

¹ Chapter 53 allows five or more licensees to operate together under a single trade name as an "association." An association is subject to the same dispatch, coverage, and facility requirements as a fleet, and probably for that reason, there are no operating associations in the County.

² <http://www.baltimoresun.com/business/bs-bz-rideshare-bill-20150414-story.html>

³ Although preempted, Bill 54-14's spirit lives on in Bill 33-15, Taxicabs – Transportation Services Improvement Fund.

introduced, reflected Councilmembers' desire to regulate a then-unregulated for-hire transportation service, remove certain outdated regulatory provisions applicable to traditional taxicabs, and provide a technological means for the taxicab industry to both better compete with TNCs and improve the delivery taxicab services to the riding public.

After the introduction of the Bills, several concerns were raised by taxicab drivers through the MCPDU about their relationships with taxicab companies. The Committee also heard alternative positions from other taxicab drivers affiliated with County fleets. Yet another perspective was provided by individual PVL holders, who own their own, rather than lease, their own PVL and vehicle. The Committee considered the various positions of the different driver groups, and attempted to craft a bill that would address the concerns raised.

Through its consideration of the three Bills, the Committee developed several guiding principles in putting together a bill for Council consideration; the goals of Bills 53-14 and 55-14, updating outdated regulation and providing for service-improving technological enhancements were retained, and the objectives of providing additional protections for drivers and enhancing industry competitiveness to improve taxicab service were added. Expedited Bill 53-14, with amendments recommended by the T&E Committee, includes provisions to advance all of these goals.

Amended Bill Provisions

There was not consensus on the Committee as to the final product, as evidenced by the 2-1 favorable recommendation. In the Committee discussion, the primary issues of contention were: (1) whether, and to what degree, the County would regulate the business relationships between the fleets and their drivers; (2) whether or not to permit sublicensing as proposed in Expedited Bill 53-14 as introduced; and (3) whether, how many, and to whom to direct the new issuance of PVLs. These issues remain contentious, as evidenced by a memorandum to Councilmembers from the County Executive (©646-647), and submissions from CCTI related to consideration of the Bill by the full Council (©648-650). This packet's discussion of the many changes proposed in the Bill is structured with these issues last, in order to facilitate efficient consideration of the Bill's less contentious provisions.

The Committee also discussed, but did not resolve, the issue of minimum insurance coverage carried by taxicabs. The insurance minimums in the County are higher than those elsewhere in the State, and higher than the required coverage for TNCs under the new State law. As this issue was not resolved in Committee, it is the last item for discussion in this packet.

Expedited Bill 53-14, as recommended by the T&E Committee (©601-645) amends the existing taxicab law by making the changes listed below. These changes will be grouped generally by purpose for discussion following the list, with the three remaining contentious issues discussed last.

Modernizing taxicab regulation (including amendments proposed in Expedited Bill 53-14)

- allow sublicensing of PVLs **Committee recommends deletion** (lines 243-251; 314-330);
- increase the age limits for vehicles used as taxicabs (lines 770-771; 773; 778);

- amend certain requirements for color and markings of vehicles used as taxicabs (lines 660; 790-792; 798-817);
- allow removable cruising lights to be used (822-827);
- allow software-based meters to be used in taxicabs (lines 833-843);
- amend certain requirements for temporary identification cards for taxicab drivers (lines 858-925);
- change required inspections from every six months to every 12 months (line 849);
- delete the driver examination (lines 879; 927-933);
- eliminate *paper* manifest requirements (lines 984-995);
- modify the disqualifying offenses for holding a PVL or driver identification card (416-430; 934-948; 1050-1053);
- include express language providing that cross-ownership prohibition does not prohibit a fleet or association from providing for-hire transportation services other than taxicabs (lines 257-259);
- amend the requirements that a fleet or association maintain its own separate facilities (lines 644-658);
- remove certain restrictions on the transfer of PVLs (lines 273-295); but
- provide that a fleet or individual that transfers a license must not be issued a new license for three years after the transfer of the license (lines 312-313; 374-375; 379-380);

Implementing centralized electronic dispatch (proposed in Bill 55-14)

- authorize the Director of DOT to approve one or more centralized electronic dispatch systems (lines 122-202);

Improving conditions for drivers

- require the Executive to establish, by method (2) regulation, standardized lease/affiliation agreements (lines 205-207; 479-480);
- require the Executive to set lease caps and ancillary fees (lines 208-237; 519-520);
- provide for one-year maximum terms on agreements between licensees and affiliates or drivers (line 494);
- allow drivers to use their own system for processing credit card transactions (lines 495-496); but
- require credit card processing machines to be tax law-compliant, accept payment through County user-side subsidy programs, and be approved by the Director (lines 977-981);
- prohibit automatic renewal of agreements between licensees and affiliates or drivers (line 497);
- prohibit credit card processing charges to drivers greater than 5% of the transaction (lines 517-518);
- provide for a mandatory dispute resolution process, culminating in binding arbitration (lines 498-515; 521-639);
- provide that the individual allocation of future new license issuances is at least 50% (line 342);
- require the issuance of 50 new licenses to individuals by January 1, 2016, and 50 additional licenses (25 to individuals, 25 to small fleets) one year later (lines 1104-1112);
- provide that licenses issued on or after January 1, 2015 are non-transferrable (line 264);

Improving Existing Enforcement/Clean up

- *Definitions:*
 - change five to six in definitions of “association” and “fleet” (lines 12-14; 25);
 - add “sole proprietorship,” “limited liability company,” and “cooperative” to definition of “entity,” which has the effect of expanding the types of business organizations that can operate as fleets (line 22);
 - add “individual licensee” which is used elsewhere in the Chapter (lines 27-29);
 - add language to definition of “taxicab service” to strengthen enforcement against illegal providers of for-hire transportation (lines 35-45);
- reconstitute the Taxicab Services Advisory Committee as the Taxicab Services Commission and require a biennial review of the taxicab industry (lines 16-17; 47-115; 120; 1022; 1037-1038; 1041);
- eliminate the customer service requirements (which have never been fully implemented) (lines 122-174; 437-438; 463-464; 469; 472-473; 483-484; 487-488; 662-664; 672-726; 1057-1058);
- require a licensee to own a taxicab associated with each license (line 253);
- delete the provisions related to “special licenses” (lines 31-33; 382-415);
- strengthen Chapter 53’s “continuous operation” requirements (lines 737-758; 769);
- expand quarterly accident report requirements to include quarterly mileage reports – this is necessary to implement the new continuous operation requirements (lines 453-454);
- remove Director’s discretion to waive the requirements to participate in user-side subsidy programs (lines 729-730);
- clearly state when a taxicab licensed in another jurisdiction may pick up in the County – no substantive change (lines 958-966);
- remove “written” from accessible records requirement, similar to the revised trip records section – no “paper records” requirement anymore (line 1027);
- clarify grounds for suspension or revocation, and the hearing process in cases of suspension or revocation (lines 1045-1101).

Issues/Committee Recommendations

Modernizing Taxicab Regulation

Operational requirements

Under the provisions of Chapter 53, taxicab vehicles are subject to a number of requirements. Prior to obtaining a PVL, an applicant must provide a mechanical inspection certificate from a state-certified inspection station that shows that the vehicle is mechanically safe. A taxicab must not be more than four model years old when placed in service, and must not be more than seven model years old when used to provide taxicab service in the County. Specific lettering, marking, and vehicle number display requirements apply to taxicabs, as does a uniform fleet color requirement. Taxicabs must have “an accurate, properly installed and connected taximeter which has a security seal affixed by the Department.” Each taxicab must undergo an inspection of its mechanical condition every six months at a time and place

designated by the Department, and each licensee must permit reasonable inspections by the Director.

Expedited Bill 53-14, as introduced would make a number of changes to the vehicle requirements applicable to taxicabs. It would change the age limitations on taxicabs by one year, to no more than five model years when placed in service, and no more than eight model years when in service. It would also make the numbering, lettering, and color requirements less restrictive. Finally, it would allow taxicabs, as an alternative to the current “hard” meter requirement, to be equipped with “a reliable, independently verifiable software-based metering system, approved by the Department.”

In Committee discussions, CCTI requested additional changes that would: (1) move from biannual to annual vehicle inspections (this issue was discussed in the context of a proposed annual inspection requirement for vehicles used to provide TNC service in the County); (2) delete the driver examination requirement; (3) eliminate the requirement that drivers retain paper trip records; (4) update disqualifying offenses for holding a PVL or driver identification card; (5) clearly state that the law’s prohibition on cross-ownership does not preclude a fleet from providing other for-hire transportation services; and (6) relax requirements on fleets and associations maintaining separate facilities. DOT generally did not object to these proposals.

Committee recommendations:

- increase the age limits for vehicles used as taxicabs;
- amend certain requirements for color and markings of vehicles used as taxicabs;
- allow removable cruising lights to be used;
- allow software-based meters to be used in taxicabs;
- amend certain requirements for temporary identification cards for taxicab drivers to expedite getting drivers on the road;
- change required inspections from every six months to every 12 months;
- delete the driver examination;
- eliminate *paper* manifest requirements;
- modify the disqualifying offenses for holding a PVL or driver identification card;
- include express language providing that cross-ownership prohibition does not prohibit a fleet or association from providing for-hire transportation services other than taxicabs; and
- amend the requirements that a fleet or association maintain its own separate facilities;

Transferability of PVLs

Under current law, all transfers of PVLs must be approved by the Director of DOT, and the law prohibits the Director from approving a transfer of any license if the transferee already holds, or would then hold, more than 40% of the total number of licenses then in effect. It also prohibits the approval of the transfer of a license to an individual of a license issued to a fleet if: (1) the same fleet has already transferred more than two licenses to individuals during that calendar year; or (2) the transfer would result in individuals holding more than 30% of the total number of licenses then in effect. Finally, the law generally prohibits the approval of a transfer of a license if the license was issued or transferred within the previous three years.

CCTI requested the removal of the annual limit on the number of PVLs that a fleet may transfer to individuals, on the restriction of 30% of PVLs being held by individuals, and on the three-year “holding requirement” before transferring a PVL. DOT did not object to this request, but suggested that, in order to prevent “flipping” or “brokering” of PVLs, a fleet or individual that transfers a PVL must not be eligible for a new PVL for a period of three years.

Committee recommendations:

- remove limits on the transfer of PVLs from fleets to individuals and the holding period; but
- provide that a fleet or individual that transfers a PVL must not be issued a new PVL for three years after the transfer of the license

Implementing Centralized Electronic Dispatch

Bill 55-14 proposed the establishment of a centralized electronic dispatch system. This represents an effort to adopt a program being pursued in Chicago and the District of Columbia, and considered in New York City, to create a digital dispatch system for all taxicabs. The intent of the Bill is twofold: (1) create a mechanism by which currently-regulated taxicabs can deliver taxicab services in a manner competitive with TNCs; and (2) be a part of a uniform regional dispatch system that would better serve the transportation needs of passengers in the Washington, DC metropolitan area.

The D.C. regulations require the establishment of a taxicab cooperative,⁴ while Bill 55-14, modeled on the Chicago law, merely requires the establishment of a centralized electronic dispatch system by DOT. DOT would have the option of contracting with a third party to provide the service through the County procurement process.⁵ The Bill is drafted to impose a general requirement, and leave the details of implementation to DOT. DOT has expressed objection to this approach, saying that it puts the Department in the position of being a participant in the market, rather than a regulator. As an alternative, DOT has suggested that CCTI should administer the dispatch.

In Committee, Councilmember Riemer proposed a revised method of implementing a centralized dispatch. The proposal represented an attempt to accommodate DOT’s reluctance to being involved in the taxicab dispatch business via the existing proposed requirement that the Director “establish” the system. The proposal would permit the *approval* of one or more third-party systems, provided that the approved systems meet certain requirements. The revised proposal would require an approved system to:

- offer an Application Programming Interface that allows other approved systems to dispatch all drivers using that system;
- dispatch the taxicab closest to the person requesting service, regardless of which system that taxicab is using;
- adequately protect the privacy of passengers and the security of passengers and drivers;

⁴ http://dctaxi.dc.gov/sites/default/files/dc/sites/dc%20taxi/event_content/attachments/Chapters16and99.pdf

⁵ Chicago has issued an RFP for its Taxicab Dispatch Application “E-Hail” Program and Centralized Wav Taxicab Dispatch Service, with proposals due on June 5, 2015:

<http://www.cityofchicago.org/city/en/depts/bacp/provdrs/vehic/alerts/2015/may/request-for-proposals--rfp--for-taxicab-dispatch-application-e-h.html>

- allow only licensed taxicab drivers to use the system;
- upon written authorization from a driver, deduct an amount designated by the driver from the driver's fare reimbursement and forward that amount to a third party trade or advocacy organization designated by the driver;
- maintain, and make available to the Director upon request, verifiable records, in a form prescribed by the Director, summarizing responses to requests for service made under the system;
- provide users with an option to see and request an accessible taxicab; and
- be accessible to the blind and visually impaired and the deaf and hard of hearing.

The proposal would require all licensed taxicab drivers to use or participate in an approved system, but would not prohibit them from using other dispatch systems in addition to an approved system. It would also permit approved systems to charge processing fees as allowed by regulation.

The proposal would depend on the private sector responding to produce an application that meets the approval requirements. There are already a number of active market participants in this sector operating in the United States, including mytaxi, Curb (formerly TaxiMagic), Easy Taxi, and Flywheel. In addition, "aggregation" apps have also started to appear, which provide access to a number of different taxi services. It is likely that many of these applications could be easily modified to meet the approval requirements.

DOT did not object to this proposal, and, with the exception of the requirement that an approved system offer a means to direct a voluntary contribution to a third party trade or advocacy organization, the Committee recommended it. Councilmember Riemer has circulated a proposed amendment to insert this requirement into the Bill (©671).

Committee recommendation: authorize the Director of DOT to approve one or more centralized electronic dispatch systems that meet certain requirements, but without the requirement that the system offer the third-party contribution feature.

Improving Conditions for Drivers

As noted above, a group of drivers associated with MCPDU brought a number of grievances about their relationships with fleets to the Committee. In addition to the request for maximum lease and affiliation rates and standardized agreement language, these drivers complained of seemingly endless contractual obligations to fleets, charges of up to 8% for processing credit card transactions, and an unwillingness of fleets to negotiate in good faith to resolve conflicts. The Committee discussed limiting the duration of agreements between licensees and affiliates, capping charges allowed for credit card processing at 5% (processors typically charge between 2% and 3%), and allowing drivers to use their own credit card processing systems, provided that those systems are compliant with applicable tax law, accept payment through County user-side subsidy programs.

With regard to dispute resolution, the Committee considered language modeled on the process codified in Alexandria, Virginia since 2005, which creates a three-step process: (1) informal grievance procedure; (2) voluntary formal or informal mediation; and (3) binding arbitration with costs borne by the losing party. The process includes a definition of "dispute"

that essentially includes a disagreement between a driver and a fleet or association over whether the termination or suspension of the driver, or the denial of resources or benefits to the driver that are enjoyed by other similarly situated fleet or association drivers, was reasonable or based on good cause.⁶ The Division Chief handling taxicabs in Alexandria's Department of Transportation who, in addition to expressing the general view that the process worked well, indicated that disputes had gone to arbitration "once or twice, if that" in the 10 years that the process has been in place.

Finally, the Committee considered whether to increase the proportion of individual PVLs issued as part of new issuances (other than specifically directed issuances that are included in the Bill recommended by the Committee). Current law provides that 20% of new licenses are allocated to individuals. As the view of the majority of the Committee evolved to support a greater overall percentage of individual PVL holders, increasing this percentage to "at least 50% is recommended by the Committee.

Committee recommendations:

- provide for one-year maximum terms on agreements between licensees and affiliates or drivers;
- allow drivers to use their own system for processing credit card transactions; but
- require credit card processing machines to be tax law-compliant, accept payment through County user-side subsidy programs, and be approved by the Director;
- prohibit automatic renewal of agreements between licensees and affiliates or drivers;
- prohibit credit card processing charges to drivers greater than 5% of the transaction;
- provide for a mandatory dispute resolution process, culminating in binding arbitration; and
- provide that the individual allocation of future new license issuances is at least 50%;

Improving Existing Enforcement/Chapter 53 Clean up

DOT Requested Amendments:

DOT requested a number of amendments to definitions, and the addition of definition for the term "individual licensee." These changes would allow for an individual to hold up to five PVLs before being required to form a fleet or association, clarify the types of business organizations that may operate as a fleet and hold PVLs in their own name, and clarify the definition of "taxicab service" to aid enforcement against unlicensed for-hire transportation providers. DOT also requested an amendment to § 53-218, "Quarterly Accident Reports" to expand the quarterly reporting requirement to include mileage driven by each taxicab. This amendment is necessary to implement the mileage-based definition of "continuous operation" that the Committee has decided to include in the Bill.

⁶ "Good cause" is defined as "one or more of the causes for revocation of an identification card under Section 53-604, or a material failure of a driver to comply with established, written rules or practices of the company or to perform in accordance with his or her written contract . . ." The list of causes for revocation includes a general public safety cause in Section 53-604(a)(5): "a licensee or driver operated a taxicab, or allowed a taxicab to be operated, in a manner that endangered the public health, safety, or welfare, or with a record of substandard customer service as defined by applicable regulation."

DOT also requested removal of the provision allowing the Director to waive the requirement that a fleet or association participate in the County's user-side subsidy programs and amendments to clarify § 53-311, "Taxicabs from other jurisdictions." DOT requested amendment to § 53-505, "Accessible taxicab trip records" to make the section's requirement consistent with the Committee's recommended deletion of the requirement that trip records under § 53-315. Finally, DOT requested amendments to §§ 53-604 and 53-702 to clarify the grounds for suspension or revocation of a license or identification card and the process for a hearing on a suspension or revocation.

Committee recommendations: Make amendments to the law requested by DOT as follows:

- *Definitions:*
 - change five to six in definitions of "association" and "fleet";
 - add "sole proprietorship," "limited liability company," and "cooperative" to definition of "entity," which has the effect of expanding the types of business organizations that can operate as fleets;
 - add "individual licensee" which is used elsewhere in the Chapter;
 - add language to definition of "taxicab service" to strengthen enforcement against illegal providers of for-hire transportation;
- expand quarterly accident report requirements to include quarterly mileage reports – this is necessary to implement the new continuous operation requirements;
- remove Director's discretion to waive requirement to participate in user-side subsidy programs;
- clearly state when a taxicab licensed in another jurisdiction may pick up in the County – no substantive change;
- remove "written" from accessible records requirement, similar to the revised trip records section – no "paper records" requirement anymore; and
- clarify grounds for suspension or revocation, and the hearing process in cases of suspension or revocation.

Taxicab Services Commission

Given the number of changes likely to be made by this Bill, and the pressure being exerted on the taxicab industry by TNCs, regular assessment of the state of the industry will be crucial in coming years to ensure that necessary course corrections are made to preserve the taxicab business and deliver quality service to the public. A commission made up of stakeholders, both from within the industry and from the riding public, could regularly review all aspects of the taxicab business and make recommendations to the Council and Executive for changes in law and regulation. Such a mechanism would serve the interests of the County in maintaining safe, reliable transportation provided by fairly treated and compensated drivers.

Councilmember Berliner proposed the creation of a "Taxicab Services Commission" to replace the defunct Taxicab Services Advisory Committee. This proposed Commission would consist of 11 members, including three fleet representatives, two owner-drivers, two lessee-drivers, general public members including a representative of senior citizens and a representative of the disability community. The Commission would meet at least quarterly, and would conduct a biennial review of the taxicab industry.

The Commission would conduct a review each even numbered year and prepare a report to be submitted to the Executive and Council. The biennial report would describe the status of the industry and include recommendations as to changes to the number of licenses in circulation, rates and fees, insurance and accessibility requirements, affiliation and dispatch requirements, and any other changes that the Commission determines would improve the delivery of taxicab services. The review would include consideration of taxicab rates, lease and affiliation rates, and fees charged to drivers, with a focus on driver income compared to the County minimum wage and the cost of industry-related regulatory and enforcement expenditures.

Committee recommendation: Reconstitute the Taxicab Services Advisory Committee as the Taxicab Services Commission and require a biennial review of the taxicab industry.

Customer Service Requirements and Special Licenses

The Committee considered the deletion of two Code provisions which have never been given effect: Customer Service Requirements Customer Service Plan under Sections 53-110 and 53-222 and Special Licenses under Section 53-212. Existing law requires the Executive, by regulation, to set customer service requirements for licensed taxicabs, and requires each fleet and association to submit a customer service plan to DOT. The regulations have proven unworkable, and have never been adopted. Similarly, DOT has indicated that a 2009 study conducted by Worcester Polytechnic Institute concluded the provisions of Section 53-212, "Special Licenses," were essentially unworkable, and that no special licenses have been issued. No special licenses have been issued under the Section.

Committee recommendation: Eliminate the customer service requirements and customer service plan requirement in Sections 53-110 and 53-222 respectively, and Special Licenses under Section 53-212.

Continuous Operation Requirements

Current law requires that taxicabs must be kept in service continuously. The number of PVLs issued is intended to ensure that the number of taxicabs in operation is adequate to meet the public need for taxicab services. One of the criteria for the issuance of new licenses under the law is that the issuance must "be based on public convenience and necessity, such as the need for more taxicab services in the County generally or in certain geographic areas of the County, or for certain types of passengers, as shown by such measurements as taxi utilization rates and response times . . ." Presumably, that number is based on the licensed taxicabs being in continuous operation. The Committee heard from DOT that the existing language is vague and difficult to enforce. DOT offered some proposals to help in the enforceability, including a clear statement of the obligation of the PVL holder, a clear requirement that each PVL must have an associated taxicab, and a mileage-based definition (to be set in regulation) of what constitutes "continuous operation."

Committee recommendation: strengthen Chapter 53's "continuous operation" requirements to include:

- an express requirement that a licensee must own a taxicab associated with each license unless a sublicense has been granted

- an affirmative statement that each licensee must keep each licensed taxicab in continuous operation as defined by the Department based on miles driven; and
- a requirement that, if the Department rejects an application to keep a taxicab out of service for more than 30 days, the licensee must promptly reinstate the taxicab in service or return the license.

Lease and Fee Caps, Standardized Agreements

The MCPDU drivers described to the Committee a situation in which they must pay to the taxicab company what they perceive as an exorbitant daily lease rate for a taxicab with a PVL, a charge for insurance far above market rates, an elevated credit card processing fee, and myriad other charges related to their operation of a fleet taxicab. As a means to address this problem the drivers request that maximum lease and affiliation rates be set by the County, allowable additional fees charged to drivers, and their amounts, be set by the County, and standardized lease and affiliation agreements to be approved by the County.

Lease caps and standardized agreements are not uncommon in large jurisdictions. Specifically Council staff and the Committee considered the caps as set in jurisdictions such as New York, Seattle, and Chicago. They exist as a means to address an imbalance in bargaining power between a lessee-driver and the taxicab company or fleet for whom the driver drives. Testimony from a number of drivers described a situation where drivers are struggling to make ends meet, facing high lease rates as well as unreasonable fees for services such as processing credit card transactions, late payments, and “ticket processing.”⁷ Fleets, through CCTI, countered that they needed flexibility in setting these rates, and that setting maximums would hurt the ability of the fleets as they struggle to compete with TNCs, who don’t operate under any such restriction.

The ultimate objective of a lease cap is to: (1) allow the PVL holder to earn a reasonable profit; and (2) to allow the driver to earn a decent living. The cap should be set so that the fleet offering the most to drivers, at presumably greatest expense to the fleet, may still make a fair profit without exploiting drivers through its superior bargaining position. Ensuring that the driver can make an adequate income should improve the quality of taxicab service by encouraging the best qualified candidates to become drivers and reducing the drivers’ incentive to engage in behaviors such as taking circuitous routes and driving recklessly in an attempt to maximize earnings through fares.

Clearly, the manner in which the maximum rates are set is crucial. The Committee recommendation would require the Executive to set maximum lease and affiliation rates at amounts determined to: “(1) enable the licensee to receive adequate revenues to pay the licensee’s reasonable expenses and receive a fair and reasonable rate of return on the licensee’s investment; and (2) provide drivers with an opportunity to earn a fair and reasonable income. The Committee recommendation would also require that *lease* caps be set with consideration given to: (1) vehicle, equipment and license costs; (2) asset depreciation; (3) the costs of insurance, operation and maintenance, uninsured repairs, wages and salaries, garage storage, taxes, fees, two-way dispatching and administration, as well as all other periodic expenses paid by the licensee; and (4) any other factors that the Executive considers appropriate.”

⁷ The Committee noted that lease rates and fees vary among the fleets operating in the County.

As with the issue of caps on leases (and affiliation agreements), MCPDU drivers described long-term contracts with confusing automatic renewal provisions, and expressed dissatisfaction with feeling “trapped” in business relationships with fleets. While existing law includes several requirements related to agreements between fleets and drivers, the Committee considered whether to require approved, standard lease and affiliation agreements. These agreements could be drafted in conjunction with, or with input from, CCTI and driver representatives to create mutually agreeable, understandable documents.

Through the Committee process, DOT objected to the imposition of the responsibility to set maximum rates and establish standardized agreements. DOT asserted that these provisions represented unnecessary interference in the business operations of the fleets. This sentiment is echoed in the memorandum to the Council from the County Executive dated July 16 (©646-647). CCTI objected to these provisions as well, though in its most recent correspondence, urges the Council to give DOT authority to set all fees, and advocates that “DOT is best equipped to fair and equitable caps . . .” Expedited Bill 53-14 as recommended by the Committee limits the charge PVL holder may charge a driver for processing a credit card transaction to 5%; otherwise, all maximum charges would be set by Executive regulation.

Committee recommendation (2-1, Council Vice President Floreen opposed): Require the Executive to establish, by method (2) regulation, standardized lease/affiliation agreements, maximum lease and affiliation rates, and permissible ancillary fees.

Should the sublicensing of PVLs be permitted?

As introduced, Expedited Bill 53-14 included provisions that would have amend existing law to allow a fleet PVL holder to grant a sublicense to a vehicle owner to provide taxicab service under the license. Allowing sublicensing would be an effort to ease the capital costs of fleets by allowing fleets to permit a taxicab driver who owns their own taxicab vehicle to drive the taxicab under the authority of the fleet’s license. Fleets could then operate more like TNCs, but using licensed taxicabs. Current law requires that a license be issued only to the owner of each taxicab.

Some jurisdictions that use medallion systems, such as New York and Chicago, permit such arrangements as “medallion-only leases.” Allowing the use of fleet PVLs by owners of taxicabs through sublicensing could have the desirable effect of getting more taxicabs on the road by giving fleets more flexibility in the way the PVLs are used. It would also allow taxicab owner/drivers the option of driving their vehicle without having to purchase a license outright. Expedited Bill 53-14 as introduced would require approval by the DOT Director of each grant of a sublicense, and grantees are subject to all requirements of PVL holders, which should provide necessary oversight of such arrangements.

Stakeholder positions: CCTI has consistently supported sublicensing as a means to afford PVL holders more flexibility in the use of their PVLs, which would result in more taxicabs on the road. In his February 27, 2015 letter to Councilmember Riemer, Acting Director Roshdieh stated that DOT “has no objection [to sublicensing] as long as drivers have an opportunity to seek legal counsel of the contract in advance of its execution and the term of the sublicense does not exceed the term of the PVL”. DOT staff have expressed the view that

sublicensing will have a favorable impact on the riding public because of the increased ownership interest in the business held by sublicensees, *i.e.*, drivers will take better care of vehicles that they own. MCPDU opposes sublicensing, saying that it would shift costs and risks to drivers. The group of drivers represented by Jaynul Islam supports sublicensing as a means to “maximize the use of PVLs that are already on the market, give taxi drivers a stake in ownership, and generate revenue for affiliates and fleets”.

Council staff believes that allowing sublicensing would have the effect of getting more taxicabs on the road, and would create an intermediate step for drivers who seek more independence than exists under a leased vehicle arrangement, but either don’t desire or are unable to obtain a PVL outright. There is a risk for licensee drivers in that they will bear the significant cost-burden of vehicle ownership without the basic assurance of renewal that PVL holders enjoy: a PVL holder could decline to renew a sublicense agreement at the end of its term, leaving the driver with a vehicle but no legal means to operate it as a taxicab. Also, allowing sublicensing would likely permit PVL holders to avoid losing the PVLs due to lack of use under the Bill’s enhanced continuous operation requirements.⁸ This could be an impediment to any desire to shift underutilized PVLs from fleets to individual holders. The sublicensing issue is a matter of competing priorities – getting more taxicabs on the road quickly vs. increasing the proportion of individual PVL holders by reclaiming underutilized PVLs and reissuing them to individuals.

Committee recommendation (2-1, Council Vice President Floreen opposed): Delete the provisions of the Bill that would allow sublicensing of PVLs.

Should the County issue new licenses? How many, and to whom?

None of the three original Bills proposed any new issuance of PVLs. However, as the Committee considered the concerns raised by the MCPDU drivers, discussion about how best to empower drivers and increase competition within the taxicab industry to better serve the public involved proposals to issue new licenses to individual drivers.

Councilmember Riemer proposed to require the issuance of 200 PVLs to individuals who only own one PVL in 2016. He also proposed that future new issuances be made with 50% of new PVLs going to individuals, and 50% going to fleets. MCPDU, in a letter to the Committee dated June 1, expressed support for the issuance of 200 new individual PVLs. In a letter to Councilmember Berliner dated February 26, 2015, David Mohebbi, president of CCTI, advocated a new PVL issuance to both fleets and drivers. In its March 5 position paper, CCTI specifically addressed the proposed issuance of 200 new licenses in 2016, contending that adding 200 new taxicabs would “significantly [negatively] affect driver income.” PVL holder and driver Jaynul Islam, on behalf of a group of lessee- and owner-drivers, submitted a list of concerns on June 3, including a statement of opposition to the issuance of 200 new licenses, saying that it would reduce driver income and destroy the value of PVLs. CCTI ultimately recommended the issuance of 100 new licenses in 2016, with future issuances made in accordance with the existing provisions of § 53-205. CCTI also supports the Riemer proposal’s allocation of future license issuances of 50% to individuals and 50% to fleets.

⁸ Acting DOT Director Roshdieh informed the Committee that he believed that reclamation of a significant number of underutilized PVLs, even with enhanced requirements in this Bill, is unlikely.

The issuance of a significant number of individual PVLs would have the effect of moving the County away from the fleet-based model that was discussed and adopted when the County last comprehensively revised Chapter 53 in 2004. The Committee considered whether circumstances have changed sufficiently or otherwise warrant a move away from a fleet based model. The Committee also considered alternatives to the issuance of a large quantity of new individual licenses, including the issuance of a smaller number of new individual licenses and reclamation and reissuance of licenses to individuals.

The Committee also considered the possibility of a driver-owned cooperative and needs of smaller fleets to obtain more PVLs to remain competitive in the marketplace. MCPDU has been working with representatives of the AFL-CIO and others in establishing a driver-owned company, and the goals of that company have evolved over the course of Committee discussions. On July 15, representatives of MontCo Union Taxi, LLC submitted documents describing the progress and plans for moving a drivers' cooperative forward (©652-668). With regard to specific circumstances of small fleets, Robert Alexander of Orange Taxi indicated that the 14 PVLs held by the fleet are not sufficient to make it an independently viable fleet.

Ultimately the Committee concluded that in order to promote competition in the industry and improve the delivery of taxicab services, the issuance of new PVLs to individuals is advisable. It further concluded that ensuring that the smaller fleets in the County are viable is also vital to preserving and improving the taxicab industry.

Councilmember Riemer has circulated a proposed amendment (©672) that would require that, no later than January 1, 2016, the Director issue an additional 100 PVLs that must be used with a wheelchair accessible vehicle, with a preference that these PVLs go to a driver owned cooperative.

Committee recommendation (2-1, Council Vice President Floreen opposed): Require the issuance of 50 new licenses to individuals who do not already hold a license by January 1, 2016, and 50 additional licenses (25 to individuals who do not already hold a license, 25 to fleets holding fewer than 75 PVLs) one year later.

Should the insurance requirements be changed?

In the last worksession, CCTI requested that Section 53-225 be amended to require insurance in equivalent amounts to those required of TNCs under State law, rather than in amounts currently required by regulation. DOT concurred with the request, based on the rationale that it "levels the playing field" in this area with TNCs that are for all practical purposes providing the same service. Current County insurance requirements are as follows: \$100,000 for bodily injury or death, each person; \$300,000 for bodily injury or death each accident; and \$25,000 for property damage. COMCOR 53.40.01.01. To correspond with State-required insurance minimums for TNCs, these minimums would have to be reduced to 50,000 for bodily injury or death, each person; \$100,000 for bodily injury or death each accident; and \$25,000 for property damage. The proposed change appears to represent a significant reduction in coverage amounts, and Committee members raised concerns that lowering the limits would compromise public safety, and requested information on previous payouts between the proposed limits and the current limits.

Information supplied since the last Committee worksession by CCTI (©648-650) in response to Committee members' request indicates a more limited practical impact. According to the information submitted by CCTI, only one payout in the past three years has exceeded \$50,000 and it was paid in full, suggesting there may not be a significant public safety concern with lowering the insurance limits. CCTI also pointed out that, according to Amalgamated Casualty Insurance Company, monthly 50/100/25 coverage would cost \$201.00 for owner-operators and \$208.00 for cars that are leased to drivers. The current limits of 100/300/25 cost \$252.00 and \$350.00 respectively. The result of lowering the coverage minimums could thus result in a \$51-\$142 monthly cost savings resulting from this change to the code. According to CCTI, a reduction in insurance expenses will have a direct and favorable impact on lease costs for the drivers.

The Council may wish to consider this change, in balancing the needs of drivers and the public. If considering providing for lower minimums in the law, the Council should be cognizant that existing law (§53-225) requires "insurance or self-insurance for the vehicle that covers bodily injury or death to any passenger or other person, and property damage, in amounts required by applicable regulations." This change could be done by regulation, without amending the existing law.

This packet contains:

	<u>Circle #</u>
Expedited Bill 53-14	601
County Executive Memo	646
CCTI submissions dated July 14, 2015	648
Kristin Draper email re: taxicab insurance coverage	651
MontCo Union Taxi LLC submission	652
Riemer Memo dated July 17, 2015	669
Riemer Amendment 1	671
Riemer Amendment 2	672

Expedited Bill No. 53-14
Concerning: Taxicabs – Licenses –
Vehicle Requirements – Driver
Identification Cards
Revised: 07/17/2015 Draft No. 7
Introduced: October 28, 2014
Expires: April 28, 2016
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Floreen, Berliner, Riemer, and Council President Rice

AN EXPEDITED ACT to:

- (1) [[permit the holder of a fleet Passenger Vehicle License to grant a sublicense to another person on certain conditions]] require the Department of Transportation to implement a centralized electronic taxicab dispatch system;
- (2) require the Executive to establish uniform lease and affiliation agreements, set maximum lease and affiliation rates, and compile a list of types and amounts of other charges that a licensee may charge a driver;
- (3) provide a process for resolving disputes between fleets and drivers;
- (4) delete certain reporting and customer service plan requirements;
- (5) increase the age limits for vehicles used as taxicabs;
- ~~[[3]]~~[[6]] amend certain requirements for color and markings of vehicles used as taxicabs;
- ~~[[4]]~~[[7]] allow software-based meters to be used in taxicabs;
- ~~[[5]]~~[[8]] amend certain requirements for temporary identification cards for taxicab drivers; and
- ~~[[6]]~~[[9]] generally amend the laws governing the licensing and regulation of taxicabs.

By amending

Montgomery County Code

Chapter 53, Taxicabs

Sections 53-101, 53-103, 53-106, 53-110, 53-201, 53-203, 53-204, 53-205, 53-209, 53-211, 53-212, 53-213, 53-214, 53-215, 53-216, 53-217, 53-218, 53-219, 53-220, 53-221, 53-222, 53-223, 53-224, 53-225, 53-226, 53-227, 53-228, 53-229, 53-230, 53-231, 53-232, 53-233, 53-234, 53-235, 53-306, 53-307, [[and]] 53-308, 53-309, 53-310, 53-311, 53-312, 53-313, 53-314, 53-315, 53-316, 53-317, 53-318, 53-319, 53-320, 53-321, 53-322, 53-323, 53-324, 53-503, 53-505, 53-506, 53-604, and 53-702

By adding

[[Section 53-204A]] Sections 53-103A and 53-111

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

27 Individual Licensee means a person or entity who has an ownership interest
28 in no more than five licenses and who is required to either affiliate with a Fleet or
29 an Association in order to provide Taxicab Service.

30 * * *

31 Special license means a license to provide taxicab service to a population,
32 based on geographic location or special need, that the Director finds would be
33 underserved by existing taxicab service.]]

34 * * *

35 Taxicab Service means carrying one or more passengers for compensation
36 between points chosen by the passenger:

- 37 (1) regardless of how or when engaged, for a fare that is based on the
38 distance traveled, time elapsed, or both, except as expressly
39 authorized in this Chapter; or
- 40 (2) after being engaged by hail from a street, or from a parking lot, taxi
41 stand, or other location where the vehicle is waiting for a request for
42 service.

43 A person who provides for-hire transportation service without a valid license or
44 permit from an appropriate governmental authority is a provider of illegal taxicab
45 service irrespective of the type of vehicle used.

46 * * *

47 **53-103. Taxicab Services [[Advisory Committee]] Commission.**

48 (a) The County Executive must appoint, subject to confirmation by the
49 County Council, a Taxicab Services [[Advisory Committee]]
50 Commission.

51 (b) The [[Committee]] Commission must:

- 52 (1) advise the Director in carrying out duties and functions under
53 this Chapter; [[and]]

- 54 (2) meet quarterly or more frequently if requested by the County
 55 Executive or County Council or if the Chair or Commission
 56 finds it necessary;
- 57 (3) evaluate the performance of the taxicab industry in serving
 58 members of the population with special transportation needs,
 59 such as senior citizens and people with disabilities[.]; and
- 60 (4) conduct the biennial review of the taxicab industry under
 61 Section 53-104.
- 62 (c) The [[Committee]] Commission consists of [[5]] four public members
 63 and [[4]] seven taxicab industry members. The County Executive
 64 [[should]] must appoint members so that:
- 65 (1) one public member represents senior citizens, and another
 66 public member represents people with disabilities;
- 67 (2) [[two]] three of the [[4]] seven taxicab industry representatives
 68 represent management and [[2]] four are taxicab drivers; and
- 69 (3) [[one]] two of the [[2]] four drivers [[is an owner-driver]] are
 70 owner-drivers and [[one is a]] two are non-owner [[driver]]
 71 drivers.
- 72 (d) The Director or the Director's representative [[must service as an ex-
 73 officio non-voting member. The Director of the Office of Consumer
 74 Protection, or the Director's representative,]] and the Chair of the
 75 Council Transportation, Infrastructure, Energy and Environment
 76 Committee or the Chair's representative must [[also]] serve as [[an]]
 77 ex-officio non-voting [[member]] members.
- 78 (e) A [[Committee]] Commission member serves for a term of [[3]] three
 79 years, or until a successor is confirmed, whichever is later. A member
 80 must not serve more than [[2]] two consecutive full terms. A person

81 appointed to fill a vacancy serves for the remainder of the
82 predecessor's term.

83 (f) The ~~[[Committee]]~~ Commission must annually select one public
84 member as chair.

85 **53-103A. Biennial Review of the Taxicab Industry.**

86 (a) Between September 1 and November 15 of each even-numbered year,
87 the Taxicab Services Commission must conduct a review of the
88 County taxicab industry including:

89 (1) at least one public hearing;

90 (2) solicitation of comments from stakeholders;

91 (3) an evaluation of:

92 (A) the economic condition of the taxicab industry; and

93 (B) the adequacy of service rendered by the industry.

94 (b) The Commission must submit a report to the Executive and County
95 Council not later than December 1 of the year the review is
96 conducted, describing the status of the industry and identifying any
97 changes to the regulation of the industry that the Commission finds
98 necessary or desirable, including:

99 (1) changes to the number of licenses in circulation;

100 (2) changes in taxicab rates set under Section 53-106;

101 (3) changes in fees set under Section 53-107;

102 (4) changes in insurance requirements under Section 53-225 or
103 applicable regulation;

104 (5) changes to the accessibility requirements under Article 5;

105 (6) changes to the affiliation and dispatch requirements under this
106 Chapter; and

133 The service requirements and performance criteria must focus on recurring
134 problems with customer service that the Department has identified through
135 customer complaints or otherwise.

136 (b) These regulations must also include:

- 137 (1) performance-based qualifications and requirements for
138 receiving additional licenses under Section 53-205;
- 139 (2) the standards and procedure by which the Director may deny or
140 revoke a license if a licensee does not meet any mandatory
141 customer service requirement;
- 142 (3) defined geographic areas of service, subject to modification as
143 provided in Section 53-222(b)(10), and minimum acceptable
144 service parameters for each geographic area;
- 145 (4) information required for a review or audit of performance
146 criteria and data submission;
- 147 (5) guidelines for a complaint resolution process for customer
148 complaints that employs, to the extent feasible, an independent
149 mediation or dispute resolution mechanism;
- 150 (6) guidelines for procedures each fleet or association must employ
151 to keep each person who calls for service informed of the status
152 of that person's request;
- 153 (7) any special procedures that the Executive concludes are
154 necessary to assign appropriate priority to service requests from
155 persons with special medical needs or non-emergency travel to
156 or from medical facilities; and
- 157 (8) the percentage of calls for prearranged service that should be
158 picked up within 10 minutes, and the percentage of calls for
159 immediate service that should be picked up within 20 minutes.

160 The Executive by regulation may set a different response
 161 standard for each type of service. "Prearranged service" is
 162 service requested, by telephone or electronically, at least 2
 163 hours before the passenger is scheduled to be picked up.

164 (c) As a condition of receiving a license under this Chapter, each licensee
 165 must agree that all data submitted under this Section is public
 166 information. The Director must regularly make that information
 167 available to the public in an annual report on taxicab service in a
 168 format set by regulation, and in any other fashion that the Director
 169 finds will inform the public.

170 (d) The Director, after consulting the Taxicab Services Advisory
 171 Committee, may use any reasonable mechanism to collect more data
 172 that may be used to measure and evaluate customer service
 173 performance, including complaint data, customer surveys, and service
 174 sampling techniques.]]

175 (a) The Executive, by method (2) regulation, may approve one or more
 176 centralized electronic dispatch systems to dispatch taxicabs for trips
 177 that begin in the County through an Internet-enabled application,
 178 digital platform, or telephone dispatch system.

179 (b) Within six months after the approval of the first system, every taxicab
 180 driver licensed under this Chapter must use a centralized electronic
 181 dispatch system approved under this Section.

182 (c) A centralized electronic dispatch system approved under this Section
 183 must:

184 (1) offer an Application Programming Interface that allows other
 185 approved systems to dispatch all drivers using that system;

- 186 (2) dispatch the taxicab closest to the person requesting service,
- 187 regardless of which system that taxicab is using;
- 188 (3) adequately protect the privacy of passengers and the security of
- 189 passengers and drivers;
- 190 (4) allow only licensed taxicab drivers to use the system;
- 191 (5) maintain, and make available to the Director upon request,
- 192 verifiable records, in a form prescribed by the Director,
- 193 summarizing responses to requests for service made under the
- 194 system.
- 195 (6) provide users with an option to see and request an accessible
- 196 taxicab; and
- 197 (7) be accessible to the blind and visually impaired and the deaf
- 198 and hard of hearing.
- 199 (d) A centralized electronic dispatch system approved under this Section
- 200 may charge processing fees as allowed by regulation.
- 201 (e) Nothing in this Section prohibits a licensee from using or being
- 202 dispatched by any other two-way dispatch system.

53-111. Uniform agreements; maximum lease and affiliation rates and other charges.

- 205 (a) The Executive must establish, by method (2) regulation:
- 206 (1) uniform lease and affiliation agreements which must conform
- 207 to the minimum requirements of Section 53-218;
- 208 (2) maximum lease and affiliation rates that a licensee may charge
- 209 a driver; and
- 210 (3) a list of types and amounts of other charges that a licensee may
- 211 charge a driver.

- 212 (b) Maximum lease and affiliation rates, and other charges that a licensee
 213 may charge a driver, must be set at amounts determined by the
 214 Executive to:
- 215 (1) enable the licensee to receive adequate revenues to pay the
 216 licensee's reasonable expenses and receive a fair and reasonable
 217 rate of return on the licensee's investment; and
- 218 (2) provide drivers with an opportunity to earn a fair and
 219 reasonable income.
- 220 (c) In determining the maximum lease rates, the Executive must consider:
- 221 (1) vehicle, equipment and license costs;
 222 (2) asset depreciation;
 223 (3) the costs of insurance, operation and maintenance, uninsured
 224 repairs, wages and salaries, garage storage, taxes, fees, two-way
 225 dispatching and administration, as well as all other periodic
 226 expenses paid by the licensee; and
- 227 (4) any other factors that the Executive considers appropriate to
 228 further the purposes of this Chapter.
- 229 (d) The Executive must periodically review the maximum lease and
 230 affiliation rates, and other charges that a licensee may charge a driver,
 231 to ensure that the rates and charges are consistent with the objectives
 232 expressed in this section.
- 233 (e) The Executive may require all licensees to provide such financial
 234 information as may be reasonably necessary to establish maximum
 235 rates and charges allowed under this Section. Information submitted
 236 under this subsection is confidential and must not be disclosed to the
 237 public.

ARTICLE 2. TAXICAB LICENSES.

Division 1. General License Provisions.

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53-201. Required.

- (a) A person must not provide taxicab service without possessing a license as required under this Chapter.
- (b) [A] [[Except as provided in subsection (c)(3), a]] A license must be issued only to the owner of each taxicab.
- (c) A [licensee] person must not operate a taxicab or provide taxicab service unless the [licensee] person either:
 - (1) holds a fleet license; [or] or
 - (2) holds one or more individual licenses and is affiliated with an association or a fleet[[; or
 - (3) holds a sublicense granted by a holder of a fleet license under Section 53-204A and is affiliated with that fleet]].
- (d) A licensee must hold a license for each taxicab.
- (e) A licensee must own a taxicab associated with each license.

* * *

53-203. Types of licenses; cross-ownership.

* * *

- (c) Nothing in this Section prohibits a fleet or association from providing non-taxicab for-hire driving services as defined under State law and not regulated by the County.

53-204. Transferability; security interest.

- (a) Any license must not be transferred except as provided in this Chapter.
- (b) A license may be transferred only if:
 - (1) the license was issued before January 1, 2015;

265 (2) the licensee notifies the Department in writing of the proposed
 266 transfer not less than 30 days before the date of the proposed
 267 transfer, specifying all terms and conditions of the proposed
 268 transfer and the identity of the proposed transferee;

269 ~~[(2)]~~(3) the Director finds that the proposed transferee meets all
 270 requirements of this Chapter and applicable regulations; and

271 ~~[(3)]~~(4) the licensee surrenders the license when the Director
 272 approves the transfer.

273 (c) ~~[[Except in the case of a transfer under subsection (f), a license issued~~
 274 to any licensee may be transferred only if the license was not issued or
 275 transferred within the previous three years.

276 (d) The Director must not approve the transfer to an individual of a
 277 license issued to a fleet if:

278 (1) the same fleet has already transferred more than two licenses to
 279 individuals during that calendar year; or

280 (2) the transfer would result in individuals holding more than 30%
 281 of the total number of licenses then in effect.

282 Until December 31, 2009, the Director, after receiving a written
 283 request from a licensee, may waive either limit in this subsection on transferring a
 284 license issued to a fleet when the Director concludes that a waiver is necessary to
 285 avert a potential significant loss of service or to preserve or promote adequate
 286 taxicab service in all areas of the County, and the waiver will not reduce or impair
 287 competition, public welfare, and public safety. If the Director waives either limit
 288 for a fleet, the Director must at the same time waive the same limit for each other
 289 fleet so that each fleet's share of the waivers approved for all fleets is at least the
 290 same as that fleet's share of all fleet licenses when the application for a waiver was
 291 filed. The Director may attach reasonable conditions to any waiver, including

292 requirements for purchase of commercial liability insurance and maintenance of
 293 minimum numbers of accessible vehicles and limits on the number of new licenses
 294 a company can apply for or receive in a 2-year period after it transfers existing
 295 licenses.

296 (e)]] The Director must not approve a transfer of any license if the
 297 transferee already holds, or would then hold, more than 40% of the
 298 total number of licenses then in effect. This subsection does not
 299 prohibit the sale or transfer of a license to a licensee that held more
 300 than 40% of the licenses in effect on October 1, 2004, or the sale or
 301 transfer of all or a majority of the licenses held by that licensee.

302 [(f)](d) A security interest may be created in a passenger vehicle license in
 303 accordance with the Maryland Uniform Commercial Code, subject to
 304 the Director's approval. The Executive may by regulation attach
 305 further conditions to the creation of a security interest, consistent with
 306 this subsection, as necessary to avoid significant disruptions in taxi
 307 service. The Director may approve the creation of a security interest
 308 only if:

309 * * *

310 [(g)](e) A transferred license is valid for the remainder of the term of the
 311 original license.

312 (f) A fleet or individual that transfers a license must not be issued a new
 313 license for three years after the transfer of the license.

314 **[[53-204A. Sublicenses.**

315 (a) The holder of a fleet license may grant a sublicense to another person
 316 under this Section.

317 (b) A sublicense may be granted only if:

- 344 (1) have held a Taxicab Driver Identification Card, and have
 345 regularly driven a taxicab in the County, during the preceding
 346 three years;
- 347 (2) have a superior driving record, as defined by regulation; and
 348 (3) do not already hold a license under this Chapter.

349 In deciding among individuals who qualify under this subsection, the Director
 350 must rank them by the number of years that each individual has regularly driven a
 351 taxicab in the County. If a sufficient number of qualified individuals do not apply
 352 for a license under this subsection, the Director may allocate the remaining licenses
 353 to individuals who already hold a license under this Chapter.

354 (d) *Biennial limit.* During calendar year ~~[[2006]]~~ 2016 the Director must
 355 not issue more than 70 new licenses. In each later even-numbered
 356 year, the Director may issue a total number of new licenses that does
 357 not exceed 10% of the number of licenses then in effect.

358 (e) *Additional licenses - extraordinary authority; population limit.* The
 359 Director may issue more licenses than are authorized under subsection
 360 (d) if the Director finds, after holding a public hearing, that additional
 361 taxicabs are necessary to improve service to specified geographic
 362 areas or types of taxicab users or generally to increase competition.
 363 However, the total number of licenses issued must not exceed ~~[[1]]~~
 364 one license for each 1,000 County residents, as computed in the most
 365 recent decennial U.S. Census or any census update published by the
 366 appropriate federal agency.

367 (f) *Individual limit.* Notwithstanding any other provision of this Section,
 368 the Director must not issue ~~[[more than 10]]~~ a new or reissued
 369 ~~[[licenses]]~~ license ~~[[in any 2-year period]]~~ to any licensee that holds
 370 ~~[[or controls]]~~ more than 40% of the licenses then in effect.

371 * * *

372 **53-209. Individual license application.**

373 * * *

374 (j) attest that the applicant has not transferred any license during the
375 previous 36 months.

376 * * *

377 **53-211. Fleet license application.**

378 * * *

379 (k) attest that the applicant has not transferred [[the ownership of]] any
380 license during the previous [[24]] 36 months.

381 * * *

382 **Sec. 53-212. [[Special licenses.**

383 (a) In addition to the licenses regularly available for issuance, the
384 Director may issue special licenses to qualified applicants to provide
385 innovative taxicab service, on an experimental or permanent basis,
386 such as:

387 (1) transportation for persons with special transportation needs,
388 including:

- 389 (A) senior citizens;
- 390 (B) people with disabilities;
- 391 (C) citizens in up-county and rural areas; or
- 392 (D) citizens using hospital, senior centers, and other
393 underserved locations or areas;

394 (2) jitney service, which is service over a regular route on a flexible
395 schedule; or

396 (3) similar transportation services.

- 397 (b) The availability of licenses under this Section must be advertised in at
 398 least one newspaper of general circulation in the County for 2
 399 consecutive weeks. The Director should also notify, by electronic
 400 mail or other reasonable means, any licensee or driver who requests to
 401 be notified of the availability of new licenses.
- 402 (c) Licenses must be issued on a competitive basis using criteria set by
 403 regulation that are intended to achieve a high level of taxicab service.
 404 The Director may establish appropriate procedures, fees, and
 405 conditions to issue a license under this Section.
- 406 (d) The Director may revoke a license issued under this Section at any
 407 time for noncompliance with this Chapter or failure to provide the
 408 service for which the license was issued.
- 409 (e) The licensee must return any license issued under this Section to the
 410 Department:
- 411 (1) when the vehicle is no longer eligible to provide the required
 412 service; or
- 413 (2) if the Director revokes the license because the service is no
 414 longer needed or was underused during a reasonable time after
 415 the license was issued.

416 **53-213.]] Criteria to deny a license.**

417 The Director must not issue or renew a license to any person, licensee, or
 418 applicant:

- 419 (a) who, within [[5]] five years before the application is submitted, was
 420 convicted of, pled guilty or no contest to, or was placed on probation
 421 without a finding of guilt for, or who when the application is
 422 submitted, has a charge pending for, or who has, within [[3]] three

423 years before the application was submitted, completed a sentence or
424 period of probation based on a charge for:

425 * * *

426 (5) ~~[[violation of]]~~ any felony ~~[[law governing]]~~ involving
427 controlled dangerous substances;

428 (6) ~~[[violation of any gaming law;~~

429 (7)]] any offense involving driving under the influence of alcohol; or

430 ~~[[8]]~~(7) any act of moral turpitude;

431 * * *

432 **~~[[53-214]]~~ 53-213. Additional criteria to deny a license.**

433 * * *

434 (b) The Director may decline to issue or renew a license to any licensee
435 or applicant:

436 * * *

437 (4) who has not ~~[[operated at the customer service levels required~~
438 by applicable regulations, or has not]] complied after
439 reasonable notice with any required safety, operational, or
440 inspection requirement of this Chapter.

441 * * *

442 **~~[[53-215]]~~ 53-214. Expiration of license.**

443 * * *

444 **~~[[53-216]]~~ 53-215. Renewal of license.**

445 * * *

446 **~~[[53-217]]~~ 53-216. Notice of change of address.**

447 * * *

448 **~~[[53-218]]~~ 53-217. Quarterly ~~[accident]~~ reports.**

449 (a) Each licensee, or fleet or association on behalf of an affiliated
450 individual licensee, must submit a quarterly report that:

451 (1) [[detailing]] details all accidents involving any of its taxicabs to
452 the Department on a form approved by the Director; and

453 (2) shows the mileage driven by the vehicle associated with each
454 license.

455 (b) The Director may require a more frequent report.

456 * * *

457 **[[53-219]] 53-218. Responsibility of licensees, affiliates, and drivers.**

458 * * *

459 (b) Each licensee must promptly take appropriate action when the
460 licensee becomes aware from any source that a driver of a taxicab for
461 which the licensee holds the license or regarding which the licensee is
462 a party to an affiliation agreement has not complied with all
463 requirements of this Chapter [[and the customer service standards
464 adopted under this Chapter]].

465 (c) Each licensee must exercise due diligence to monitor the activities of
466 each driver of a taxicab for which the licensee holds the license or
467 regarding which the licensee is a party to an affiliation agreement to
468 assure that the driver complies with all requirements of this Chapter
469 [[and the customer service standards adopted under this Chapter]].

470 (d) Notwithstanding the legal status of any driver as an independent
471 contractor rather than an employee of the licensee, for the purposes of
472 this Chapter, [[and particularly the customer service standards
473 adopted under this Chapter)]] the responsibility of each licensee for
474 the conduct and performance of drivers under this Chapter:

475 (1) applies to each driver, including affiliates of the licensee; and

- 476 (2) prevails over any inconsistent contract or other agreement
 477 between a licensee and an affiliate or a driver.
- 478 (e) Any contract or other operating agreement between a licensee and any
 479 affiliate or driver must use the applicable uniform agreement adopted
 480 by regulation under Section 53-111 and must:
- 481 (1) inform the driver of:
- 482 (A) the driver's obligation to comply with all requirements of
 483 this Chapter [[and the customer service standards adopted
 484 under this Chapter]]; and
- 485 (B) the licensee's obligation to take appropriate action when
 486 the licensee becomes aware that a driver has not
 487 complied with any requirement of this Chapter [[or
 488 customer service standard]];
- 489 (2) empower the licensee to take appropriate action, as required in
 490 subsection (b); [[and]]
- 491 (3) not restrict a driver, affiliate, or taxicab owner from providing
 492 taxicab service in the County after the contract or agreement
 493 expires or is terminated[[.]];
- 494 (4) not exceed a term of one year;
- 495 (5) not require a driver or affiliate to use the fleet or association
 496 system for processing credit card transactions; and
- 497 (6) not be subject to automatic renewal.
- 498 (f) [(1) Any contract or other operating agreement between a licensee
 499 and any affiliate or driver must require both parties, at either
 500 party's request, to participate in good faith in an independent,
 501 third-party mediation or alternative dispute resolution process,

502 which may be administered by the Department or the
503 Department's designee.

504 (2) A dispute is subject to the process required by this subsection if
505 the dispute is connected with the operation of the contract or
506 agreement or involves the affiliate's or driver's compliance
507 with any requirement of this Chapter or a customer service
508 standard adopted under this Chapter. The implementing
509 regulations may specify that certain classes of disputes are not
510 subject to this process.

511 (3) The dispute resolution administrator may stay the operation of
512 any action taken by a party when a stay is necessary to preserve
513 the rights of any party.

514 (4) This subsection does not preclude either party from taking any
515 other lawful action to enforce any contract or agreement.]]

516 A licensee must not impose on a driver or affiliate:

517 (1) a charge of more than 5% of the transaction for processing a
518 credit card payment; or

519 (2) any other charge of a type or amount other than those on the list
520 adopted by regulation under Section 53-111.

521 **53-219. Dispute Resolution.**

522 (a) Definitions. In this Section:

523 (1) Dispute means a disagreement between a person who holds a
524 taxicab driver identification card issued under this Chapter and
525 the fleet or association under whose colors the person drives
526 over whether an action taken by the fleet or association to
527 terminate, suspend or impair the person's ability to drive under
528 the fleet or association's colors, or to terminate, suspend or

529 impair the person's right to enjoy the resources and benefits
530 provided by the fleet or association, on the same basis as other
531 similarly situated fleet or association drivers, was reasonable
532 and based upon good cause.

533 (2) Good cause means one or more of the causes for revocation of
534 an identification card under Section 53-604, or a material
535 failure of a driver to comply with established, written rules or
536 practices of the company or to perform in accordance with his
537 or her written contract with the company, after reasonable
538 notice and an opportunity to comply or perform.

539 (b) Each fleet or association may have a written dispute resolution
540 procedure as part of its agreements with its affiliates or drivers, so
541 long as such dispute resolution procedure incorporates, at a minimum,
542 binding arbitration pursuant to the American Arbitration Association
543 Commercial Arbitration Rules, R-1 through R-58.

544 (c) If a fleet or association has an agreement with an affiliate or driver
545 that does not include a dispute resolution procedure meeting the
546 requirements of subsection (b), then disputes will be subject to
547 resolution under this subsection.

548 (1) disputes must first be the subject of an internal grievance
549 procedure conducted as follows:

550 (A) the aggrieved party must submit a complaint in writing to
551 the fleet or association within 30 days from the date of
552 the fleet or association's action, containing a written
553 statement of the matter in dispute and the names,
554 addresses and telephone numbers of each party to the
555 dispute.

- 556 (B) within two weeks after the submission of the written
557 complaint, the fleet or association must appoint a
558 representative from within the fleet or association to hear
559 the dispute. The representative must have had no direct
560 or indirect involvement in the dispute.
- 561 (C) within two weeks after appointment, the representative
562 must conduct an informal hearing concerning the dispute.
- 563 (D) both parties must use best efforts to resolve the dispute.
- 564 (E) within two weeks after the hearing has been concluded,
565 the fleet or association representative must provide a
566 written decision.
- 567 (2) If the dispute is not resolved through the internal grievance
568 procedure, both parties may agree to informal or formal
569 mediation of the dispute, pursuant to paragraph (3). If the
570 parties fail to agree to mediation, either party may elect to
571 proceed to arbitration, pursuant to paragraph (4).
- 572 (3) Informal or formal mediation.
- 573 (A) within two weeks after the internal grievance procedure
574 has been concluded, any party requesting mediation must
575 submit a written notice requesting mediation to all
576 parties.
- 577 (B) within two weeks after such notice has been submitted,
578 the parties may agree to an impartial person to mediate
579 the dispute in an informal process. If the parties do not
580 agree to informal mediation, the party requesting
581 mediation must submit a written Request for Mediation
582 to the American Arbitration Association (AAA). If the

- 583 parties are unable to agree to mediation, either party may
 584 elect to proceed to arbitration, pursuant to paragraph (4).
- 585 (C) a request for mediation must contain a brief statement of
 586 the dispute, and the names and addresses and telephone
 587 numbers of each party to the dispute.
- 588 (D) the mediator must notify all parties of the time, date and
 589 place of the mediation.
- 590 (E) the costs of the mediation must be borne equally by the
 591 parties unless they agree otherwise in writing.
- 592 (F) the mediation conducted by AAA must be in substantial
 593 accord with the American Arbitration Association
 594 Commercial Mediation Rules, M-1 through M-17.
- 595 (G) the mediator may end the mediation if, in the sole
 596 discretion of the mediator, the continuation of the
 597 mediation would not be useful.
- 598 (H) the parties in mediation must use their best efforts to
 599 resolve the issues in controversy and the mediator may
 600 execute a written settlement agreement if agreed on by
 601 the parties but may not impose a settlement on the
 602 parties.
- 603 (4) Where neither the internal grievance procedure nor mediation,
 604 if attempted, has resolved the dispute, either party may submit
 605 the matter to arbitration, which is binding upon the parties.
 606 Such arbitration must be conducted as follows:
- 607 (A) within two weeks after the mediation process or the
 608 internal grievance procedure has been concluded, the

- 609 party requesting arbitration must submit a written notice
610 of intent to arbitrate to all parties.
- 611 (B) within two weeks after such notice has been submitted,
612 an impartial person to arbitrate the dispute must be
613 agreed upon by the parties, or, if the parties do not agree,
614 the party requesting arbitration must submit a written
615 request for arbitration to the (AAA) and simultaneously
616 mail a copy of the request for arbitration to every party to
617 the dispute.
- 618 (C) a request for arbitration must contain a brief statement of
619 the dispute, and the names and addresses and telephone
620 numbers of each party to the dispute.
- 621 (D) the arbitrator must notify all parties and their
622 representatives, if any, of the time, date and place of the
623 arbitration.
- 624 (E) the costs of the arbitration must be borne by the party
625 which does not prevail, unless the parties agree otherwise
626 in writing, or the costs are otherwise apportioned by the
627 arbitrator if there is no prevailing party.
- 628 (F) the arbitration, whether conducted by AAA or another
629 arbitrator chosen by the parties, must be in substantial
630 accord with the American Arbitration Association
631 Commercial Arbitration Rules, R-1 through R-56.
- 632 (G) the arbitrator may conclude the arbitration hearing if in
633 the sole discretion of the arbitrator, continuation of the
634 hearing would not be useful.

635 (H) within two weeks after the arbitration hearing has been
636 concluded, the arbitrator must render an award in writing,
637 which must be binding upon the parties and which may
638 be enforced by any court having jurisdiction over the
639 parties.

640 * * *

641 **Division 4. Additional Duties of Fleets and Associations.**

642 **53-220. Essential requirements.**

643 Each fleet and association must:

644 (a) provide ~~[[its own]]~~ centralized administrative, vehicle maintenance,
645 customer service, complaint resolution, dispatch, management,
646 marketing, operational, and driver training services located in the
647 County, or at one or more ~~[[other]]~~ locations approved by the
648 Director~~[[, that are physically separate from any other association or~~
649 ~~fleet]]~~. A fleet or association may obtain these services, with the
650 approval of the Director:

651 (1) from another person or entity who does not hold, or have an
652 interest in, a license issued under this Chapter; or

653 (2) from another fleet or association if the Director finds that joint
654 operations of this type:

655 (A) would promote competition and improve customer
656 service; and

657 (B) would not impair the independence of any fleet or
658 association;

659 * * *

660 (c) operate under ~~[[uniform]]~~ colors and markings approved by the
661 Director;

- 662 (d) ~~[[submit a customer service plan as required by applicable regulations~~
 663 ~~that specifies how the fleet or association will achieve the plan's goals~~
 664 ~~for safe, reliable customer service and on-time performance;~~
 665 (e)]] submit accurate, verifiable operating and statistical data reports as
 666 required under this Chapter;
 667 ~~[[f)]](e)~~ provide an adequate number of taxicabs to meet service demand 24
 668 hours a day, 7 days a week, as defined by applicable regulations; and
 669 ~~[[g)]](f)~~ comply with all requirements of this Chapter regarding the
 670 provision of accessible taxicabs.

671 * * *

672 **53-222. ~~[[Customer Service Plan.~~**

- 673 (a) Each fleet and association is responsible for providing timely, safe,
 674 reliable quality taxicab service. To that end, each fleet and
 675 association must submit to the Director a customer service plan as
 676 required by Section 53-110 and applicable regulations.
 677 (b) At a minimum, each fleet and association's initial customer service
 678 plan must:
 679 (1) specify the fleet or association's anticipated percentage of trips
 680 that will achieve the applicable response time standards set
 681 under Section 53-110(b)(8) for prearranged service requests and
 682 calls for immediate service, or submit proposed response times
 683 for immediate and prearranged service that are different in any
 684 service area specified by the fleet or association. When
 685 different response times are proposed, the plan must describe
 686 why the differences are proposed, considering growth in a
 687 service area or the fleet or association's willingness to serve
 688 areas that need additional service;

- 689 (2) include timelines to achieve the proposed standards if they will
690 not be met in the next year;
- 691 (3) describe any operational changes the fleet or association intends
692 to implement that would result in improved service;
- 693 (4) describe what procedures the fleet or association will employ to
694 keep each person who calls for service informed of the status of
695 that person's request;
- 696 (5) describe any special procedures the fleet or association will use
697 to assign appropriate priority to service requests that involve
698 persons with special medical needs or non-emergency trips to
699 or from medical facilities;
- 700 (6) specify the number of taxicabs needed to achieve response
701 times, and justify an increase in taxicab licenses, if requested,
702 based on public convenience and necessity;
- 703 (7) include a phased-in plan for service improvements, particularly
704 noting any improvements intended to achieve better service to
705 senior citizens, people with disabilities, or other underserved
706 populations identified by the Directors;
- 707 (8) describe the fleet or association's participation, and goals for
708 participation, in user-side subsidy programs;
- 709 (9) calculate the fleet's or association's user-side subsidy program
710 participation data for the previous 12 months;
- 711 (10) describe the fleet or association's geographic areas of service,
712 including any planned expansion in a service area or a
713 willingness to serve areas that need additional service;
- 714 (11) calculate prior taxicab productivity, measured by the number of
715 daily trips per cab or an equivalent measurement;

716 (12) describe the fleet or association's development of and
717 participation in innovative taxicab services;

718 (13) list the number of consumer complaints involving the fleet or
719 association, by type, filed with the County or another
720 government agency in the past 24 months; and

721 (14) list the number of enforcement actions against the fleet or
722 association or its drivers of which the fleet or association is
723 aware, started and completed during the past 24 months.

724 (c) Any customer service plan filed after the initial plan must show any
725 changes in the data included in the initial plan, and any new data
726 required by applicable regulations.

727 **53-223.]] User-side subsidy programs - participation.**

728 Any fleet or association must participate in the County's user-side subsidy
729 programs, as required by applicable regulations[[, unless the Director waives this
730 requirement for good cause]].

731 **[[53-224]] 53-223. Mechanical inspection certificate.**

732 * * *

733 **[[53-225]] 53-224. Insurance required.**

734 * * *

735 **[[53-226]] 53-225. State registration required.**

736 * * *

737 **[[53-227]] 53-226. Continuous operation.**

738 (a) Each licensee must keep each licensed taxicab in continuous operation
739 as defined by applicable regulation.

740 (b) The Executive must by method (2) regulation define continuous
741 operation using a formula that:

742 (1) uses calendar-quarterly reports submitted by each fleet and
 743 association showing mileage driven by each vehicle associated
 744 with a license held by, or affiliated with, each fleet and
 745 association;

746 (2) requires average per-vehicle mileage to be at least 60% of the
 747 County-wide average for each quarter, unless the Director, by
 748 written request, waives the requirement.

749 (c) Each licensee must notify the Department in writing at any time that:

750 (1) a taxicab will be or has been out of service for more than 30
 751 days~~[[,]]~~; or

752 (2) an average of more than 15% of the taxicab whose licenses are
 753 held by that licensee have been inactive during the previous
 754 calendar month.

755 ~~[[b)]]~~(d) Each notice must:

756 (1) explain the reasons for each period of inactivity; and

757 (2) show why the Director should not revoke the license of each
 758 inactive taxicab for lack of use.

759 ~~[[53-228]]~~ 53-227. Procedure when vehicle placed in or removed from service.

760 * * *

761 (f) Each licensee must receive the Department's approval before taking a
 762 taxicab out of service for a period longer than 30 days. The licensee
 763 must explain why the taxicab is out of service and list its license
 764 number, assigned vehicle number, and registration numbers. If the
 765 Department finds that the licensee has good cause, as defined by
 766 applicable regulations, to take the taxicab out of service, the
 767 Department may approve that action. If the Department rejects the

768 application, the licensee must promptly reinstate the taxicab in service
769 or return the license.

770 (g) Any vehicle placed in service as a taxicab must not be more than [4]
771 five model years old.

772 **[[53-229]] 53-228. Age of vehicles.**

773 (a) A licensee must not use any vehicle that is more than [7] ~~[[8]]~~ eight
774 model years old to provide taxicab service in the County. As used in
775 this Chapter, the “model year” of a vehicle is the year designated by
776 the vehicle manufacturer, as indicated on the vehicle or in the
777 manufacturer’s records. A licensee may maintain a vehicle in service
778 until the next December 31 after its [seventh] eighth model year ends
779 if the vehicle passes a comprehensive safety inspection performed
780 during the preceding August by a state-certified inspector in good
781 standing.

782 * * *

783 **[[53-230]] 53-229. Maintenance and repair.**

784 * * *

785 **[[53-231]] 53-230. Vehicle numbering, lettering, and markings; rate chart.**

786 (a) When a license for a taxicab is issued under this Chapter, the
787 Department must assign a license number to the taxicab. The licensee
788 (or the fleet, if the vehicle is affiliated with a fleet) must assign a
789 vehicle number to each taxicab. The vehicle number must be
790 permanently applied[,] and plainly visible[,] and not less than 3 inches
791 high, on each of the 2 sides, on each of the 2 rear door roof columns,
792 and on the rear of each taxicab].

793 * * *

794 **[[53-232]] 53-231. Doors; lettering; color; special equipment.**

- 795 (a) Each taxicab operated in the County must have at least 3 doors. All
796 doors must operate safely.
- 797 (b) A licensee or driver must not operate a taxicab unless the taxicab
798 bears markings in letters plainly distinguishable [and not less than 3
799 inches high,] on each of the 2 sides of the taxicab, showing the
800 approved name [and telephone number] of the fleet or association by
801 whom the taxicab is owned or operated[, and the word "taxicab,"
802 "taxi" or "cab."].
- 803 (c) [All taxicabs in a fleet or association] Each fleet or association must
804 [be uniform in color] register its colors with the Department. A fleet
805 or association may register one or more color combinations, and any
806 fleet or association may register black as one of its colors. A fleet or
807 association must not use colors that are similar to those of another
808 fleet or association so that the public can readily identify taxicabs
809 operated by that fleet or association. [However, the] The Director
810 may approve advertising in different colors or markings as long as the
811 public can still readily identify taxicabs operated by that licensee, or
812 the use of a set of different colors and markings to identify a
813 specialized service provided by or geographic area served by a fleet or
814 association. Any color or color combination approved by the
815 Department, other than black, must be reserved for the exclusive use
816 of that fleet or association when the fleet or association is operating
817 taxicabs in the County.
- 818 (d) Each licensee must insure that each fleet or association uses only the
819 approved name of the fleet or association in advertising or listing its
820 service to the public.

821 **[[53-233]] 53-232. Cruising lights.**

822 Each taxicab [must] ~~[[may, but is not required to,]]~~ must have cruising lights
 823 that operate electrically as a sign or insignia mounted on the forward portion of the
 824 roof of the taxicab. [These] Cruising lights must not be used until approved by the
 825 Department. These lights ~~[[, and]]~~ Cruising lights may be removable, but must
 826 be mounted when the vehicle is in use as a taxicab, and must be designed so that
 827 the vehicle can be easily identified as a taxicab.

828 * * *

829 ~~[[53-234]]~~ 53-233. Seat belts.

830 * * *

831 ~~[[53-235]]~~ 53-234. Taxicab meters.

- 832 (a) Each taxicab must be equipped with:
- 833 (1) an accurate, properly installed and connected taximeter which
 834 has a security seal affixed by the Department[.]; or
- 835 (2) a reliable, independently verifiable software-based metering
 836 system, approved by the Department.
- 837 (b) In addition to regular inspections, the Department may conduct
 838 periodic tests of these meters or metering systems. Upon successful
 839 completion of the tests, [the] a taximeter must be affixed with a
 840 security seal, and a software-based metering system must be marked
 841 in a manner acceptable to the Department. These tests should be
 842 scheduled in a manner that minimizes interruption of taxicab service
 843 to the public.

844 * * *

845 ~~[[53-236]]~~ 53-235. Inspections.

846 * * *

- 847 (d) Each taxicab licensed under this Chapter must undergo a complete
 848 inspection of its mechanical condition and any special equipment used

849 to transport persons with disabilities every ~~[[6]]~~ 12 months at a time
 850 and place designated by the Department. The inspection must be
 851 performed by a licensed state inspector at a state-certified inspection
 852 station in good standing. The Director must immediately, without
 853 holding a hearing, suspend the license of any taxicab in an unsafe
 854 physical or mechanical condition. The Director must immediately
 855 reinstate any unexpired suspended license after receiving satisfactory
 856 proof that the violation or defect has been corrected.

857 * * *

858 **53-306. Application; temporary card.**

- 859 (a) A person who holds a valid identification card must apply for a
 860 renewal card not less than 30 days before the current card expires.

861 * * *

- 862 (c) (1) An applicant who has not held an identification card, or who
 863 held a card that has expired, may apply for a short-term
 864 temporary identification card under applicable regulations.
- 865 (2) The Director must not issue a temporary identification card
 866 unless the applicant has:
- 867 (A) properly verified his or her identity;
- 868 (B) a valid driver's license issued by Maryland or a bordering
 869 state (including the District of Columbia);
- 870 (C) submitted his or her driving records, as compiled by the
 871 appropriate state motor vehicle agency, for the previous
 872 ~~[[3]]~~ three calendar years from any jurisdiction where the
 873 applicant held a license to drive a motor vehicle; and
- 874 (D) undergone a criminal background check, conducted by
 875 the appropriate state agency, showing that the applicant is

- 876 not disqualified because of a criminal conviction, receipt
 877 of probation before judgment in lieu of a conviction, or
 878 pending criminal charge from operating a taxicab[]; and]
 879 [(E) passed the examination required under Section 53-308].
- 880 (3) [After August 31, 2007, the] The Director must not issue a
 881 temporary or annual identification card unless the applicant has
 882 shown, through a complete criminal background check, that the
 883 applicant is not disqualified for any reason mentioned in
 884 Section 53-309(a).
- 885 (4) Any temporary identification card issued under this subsection
 886 must differ conspicuously in style and color from the annual
 887 identification card.
- 888 (5) A temporary identification card expires [on the earlier of:
- 889 (A) 5 days after the Department receives the results of the
 890 nationwide criminal background check; or
- 891 (B) 90] 45 days after the card was issued.
- 892 (6) The holder of a temporary identification card must return it to
 893 the Department, without further proceedings, on the earlier of:
- 894 (A) the day the Department issues the holder an annual
 895 identification card under this Chapter;
- 896 (B) the [90th] 45th day after the card was issued; or
- 897 (C) 1 business day after the Department notifies the holder
 898 that the card has expired under subsection (c)(5)[(A)].
- 899 (7) By accepting a temporary identification card, the holder by
 900 operation of law waives any cause of action against the County
 901 or any officer, employee, or agency of the County for
 902 improperly issuing a license to the holder. By employing or

903 leasing a taxicab to any person who holds a temporary
 904 identification card, a taxicab licensee by operation of law
 905 waives any cause of action against the County or any officer,
 906 employee, or agency of the County for improperly issuing a
 907 license to that person.

908 (d) The Director may extend the expiration date of an identification card
 909 [(including a temporary identification card issued under subsection
 910 (c))] up to 60 days if:

- 911 (1) the applicant has submitted all required documentation; and
- 912 (2) processing of required state or federal criminal background
 913 checks has been delayed through no fault of the applicant.

914 **53-307. Physician's certificate.**

915 (a) Before the Director issues an identification card, [including] other
 916 than a temporary card issued under Section 53-306(c), the applicant
 917 must furnish a physician's certificate, issued within the previous 30
 918 days, which certifies that:

- 919 (1) the applicant has been given a physical examination, including
 920 an initial tuberculosis test and any other test required by
 921 applicable regulation; and
- 922 (2) the applicant is free from any communicable disease, and is not
 923 subject to any physical or mental impairment that could:
 924 (A) adversely affect the applicant's ability to drive safely; or
 925 (B) otherwise endanger the public health, safety, or welfare.

926 * * *

927 **53-308. [[Examination of applicant.**

928 Before issuing an identification card, other than a temporary card issued
929 under Section 53-306(c), the Director must require the applicant to show that the
930 applicant is able to:

- 931 (a) perform the duties and responsibilities of a taxicab driver; and
- 932 (b) pass an examination on knowledge of traffic laws, duties under this
933 Chapter, and general qualifications to operate a taxicab in the County.

934 **53-309.]] Criteria to deny an identification card.**

935 The Director must not issue or renew an identification card to any driver or
936 applicant:

- 937 (a) who, within ~~[[5]]~~ five years before the application is submitted, was
938 convicted of, pled guilty or no contest to, or was placed on probation
939 without a finding of guilt for, or who when the application is
940 submitted, has a charge pending for, or who has, within ~~[[3]]~~ three
941 years before the application was submitted, completed a sentence or
942 period of probation based on a charge for:

943 * * *

- 944 (5) ~~[[violation of]]~~ any felony ~~[[law governing]]~~ involving
945 controlled dangerous substances;
- 946 (6) ~~[[violation of any gaming law;~~
- 947 (7)]] any offense involving driving under the influence of alcohol; or
- 948 ~~[[8]]~~(7) any act of moral turpitude;

949 * * *

950 ~~[[53-310]]~~ **53-309. Expiration of identification card.**

951 * * *

952 ~~[[53-311]]~~ **53-310. Taxicabs from other jurisdictions.**

953 (a) This Chapter does not prohibit a driver from bringing passengers into
954 the County if the trip originated in a jurisdiction where the driver and
955 the taxicab are authorized to operate.

956 (b) Except to the extent expressly permitted by federal or state law, a
957 person who does not have a license and identification card issued by
958 the County, but holds a license issued by another jurisdiction, must
959 not solicit business or pick up and transport passengers in the County
960 unless;

961 (1) a passenger engaged the taxicab to bring the passenger into the
962 County, wait for the passenger, and then take the passenger to
963 another location; or

964 (2) the jurisdiction from which the individual holds a license has
965 entered into a reciprocal agreement with the Director under
966 subsection (c) of this Section.

967 **[[53-312]] 53-311. Notice of change of address.**

968 * * *

969 **[[53-313]] 53-312. Duty to accept and convey passengers.**

970 * * *

971 **[[Sec. 53-314]] 53-313. Passenger receipts; credit card transactions.**

972 (a) A driver must give each passenger a receipt showing the name of the
973 fleet or association, the taxicab number, the time and place of origin
974 and destination of each trip, and the amount of the fare, on a form
975 authorized by the Department, unless the passenger declines to receive
976 the receipt.

977 (b) Any system or service used to process credit card transactions must:

978 (1) be compliant with all applicable tax laws;

1006 * * *

1007 **[[53-321]] 53-320. Use by other persons prohibited.**

1008 * * *

1009 **[[53-322]] 53-321. Hours of operation.**

1010 * * *

1011 **[[53-323]] 53-322. Driver and passengers only permitted in vehicle; exception.**

1012 * * *

1013 **[[53-324]] 53-323. Maximum number of passengers.**

1014 * * *

1015 **[[53-325]] 53-324. Group riding.**

1016 * * *

1017 **53-503. Training.**

1018 Any licensee who transports passengers who use wheelchairs or scooters
 1019 must train each driver on the special needs of persons with disabilities. The
 1020 training program must be approved by the Department after consulting the
 1021 Commission on People with Disabilities, the Department of Health and Human
 1022 Services, and the Taxicab Services ~~[[Advisory Committee]]~~ Commission. This
 1023 training should be made available to any driver who is issued an identification card
 1024 under this Chapter.

1025 * * *

1026 **53-505. Accessible taxicab trip records.**

1027 Each driver must keep a current ~~[[written]]~~ record of all accessible taxicab
 1028 trips on a form approved by the Department. The driver must submit these trip
 1029 records to the licensee. The licensee must submit quarterly trip records to
 1030 Department listing the number of wheelchair and scooter users transported in each
 1031 vehicle.

1032 **53-506. Number of accessible taxicab licenses.**

641

1033 (a) The overall number of accessible taxicab licenses must not be less
1034 than 5% of the total of available County taxicab licenses.

1035 (b) The Department must set the number of new accessible taxicab
1036 licenses by regulation, based on past and current demand and after
1037 consulting the Taxicab Services [[Advisory Committee]]
1038 Commission, the Commission on People with Disabilities, and the
1039 Department of Health and Human Services.

1040 (c) After considering the recommendations of the Taxicab Services
1041 [[Advisory Committee]] Commission, the Department may establish,
1042 by regulation, a method to allow temporary replacement of accessible
1043 vehicles with sedans.

1044 * * *

1045 **53-604. Suspension or revocation of license or identification card.**

1046 (a) The Director may revoke or suspend any license or identification card,
1047 as appropriate, if, after notice and opportunity for a hearing, the
1048 Director finds that:

1049 * * *

1050 (3) a licensee or driver has been convicted of any crime of moral
1051 turpitude, including a crime of violence, sex offense, or
1052 [[violation of]] a felony involving a controlled dangerous
1053 substance [[or gaming law]];

1054 * * *

1055 (5) a licensee or driver operated a taxicab, or allowed a taxicab to
1056 be operated, in a manner that endangered the public health,
1057 safety, or welfare[[, or with a record of substandard customer
1058 service as defined by applicable regulation]].

1059 * * *

1060 (f) If the Director finds an immediate threat to the public safety or health,
 1061 the Director, before holding a hearing, may immediately suspend,
 1062 revoke, or deny the issuance or renewal of, a license or identification
 1063 card. Without limiting the Director's discretion in finding an
 1064 immediate threat to the public health and safety, any pending charge
 1065 or conviction that would preclude the issuance or renewal of a license
 1066 or identification card constitutes an immediate threat to the public
 1067 safety and health.

1068 * * *

1069 **53-702. Hearing on suspension or revocation.**

1070 * * *

- 1071 (c) The written notice must:
- 1072 (1) notify the recipient that the Director has suspended or revoked
 1073 the license or the identification card or found that the license or
 1074 identification card may be subject to suspension or revocation;
- 1075 (2) specify the grounds for the Director's finding of an immediate
 1076 suspension or revocation or proposed suspension or revocation;
 1077 and
- 1078 (3) set a date for a hearing to determine if the Director's action or
 1079 suggested action is appropriate.

1080 * * *

- 1081 (g) A licensee or driver who does not appear at the hearing waives the
 1082 right to a hearing and consents to the action that the Director proposed
 1083 in the notice or has already taken. The Director may then suspend or
 1084 revoke the license or identification card as proposed in the notice.
- 1085 (h) A licensee or driver may surrender his license or identification card in
 1086 lieu of a hearing. A licensee or driver who surrenders his license or

1087 identification card waives his right to a hearing and consents to the
 1088 action or proposed action of the Director to suspend or revoke.

1089 ~~[(h)]~~(i) A licensee or driver who does not appear at the hearing must
 1090 pay the costs of the hearing unless that person notifies the Director
 1091 that he or she will not appear at least 5 days before the scheduled
 1092 hearing. Fees and costs for hearings may be established by regulation.

1093 ~~[(i)]~~(i) A suspension or revocation takes effect on the earlier of the day
 1094 that the Director's or hearing officer's written decision is delivered in
 1095 person or 3 days after it is placed in the U.S. mail, first class, postage
 1096 prepaid, addressed to the last known address of the licensee or driver.
 1097 To facilitate enforcement of this provision, the Director may require
 1098 the licensee or driver to appear at the Director's office at a specific
 1099 time to receive a copy of the decision and surrender the license or
 1100 identification card. The licensee or driver must comply with the
 1101 Director's order.

1102 **Sec. 2.** ~~[[Expiration.~~ This Act and any regulation adopted under it expires
 1103 on January 1, 2016. Any taxicab modified as authorized by this Act may continue
 1104 to be used as modified as long as it remains in service.]] Not later than January 1,
 1105 2016, the Director must issue 50 new licenses to individuals who do not already
 1106 hold a license under this Chapter following the procedures in Sections 53-205 and
 1107 53-210.

1108 **Sec. 3.** One year after the issuance of the last license issued under Section 2,
 1109 the Director must issue an additional 50 new licenses as follows:

- 1110 (a) 25 to individuals who do not already hold a license under this Chapter
 1111 following the procedures in Sections 53-205 and 53-210; and
 1112 (b) 25 to fleets that hold 75 or fewer licenses.

1113 **Sec. [[3]] 4. Expedited Effective Date.** The Council declares that this
1114 legislation is necessary for the immediate protection of the public interest. This
1115 Act takes effect on the date when it becomes law.

1116 *Approved:*

1117

George Leventhal, President, County Council	Date
---	------

1118 *Approved:*

1119

Isiah Leggett, County Executive	Date
---------------------------------	------

1120 *This is a correct copy of Council action.*

1121

Linda M. Lauer, Clerk of the Council	Date
--------------------------------------	------



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850
MEMORANDUM

July 16, 2015

Isiah Leggett
County Executive

TO: George Leventhal, Council President
Montgomery County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Proposed Amendments to Chapter 53

I am writing in regards to the Council's ongoing effort to overhaul Chapter 53 of the Montgomery County Code. Our local taxi industry has been hit hard by the impact of Transportation Network Companies ("TNCs"), resulting in a loss of available drivers to provide taxi services to our residents and a loss of passengers. With the recent legislation passed in Annapolis, TNCs now have express authority to provide services in the State, and the County has been preempted from regulating these companies.

From the beginning of this legislative effort, I have been committed to the proposition that taxi fleets and drivers have a level playing field in order to compete with these new competitors.

I applaud the Council's efforts to provide more opportunities for drivers and to eliminate some of the prior rules that prevented taxi fleets from innovating. I am concerned, however, that some of the legislative efforts will further undermine the taxi industry. I believe we can create better opportunities for drivers while maintaining a strong fleet system. I also believe that further weakening of the fleets will be bad for everyone- the drivers, the owners and especially the public.

To maintain a balanced and level playing field, I ask that the Council consider the following:

- The County should not interfere with the business relationships between fleets and drivers. With competition for drivers more fierce than ever, drivers have a wide range of choices and opportunities. Those business decisions are properly left to the marketplace which has become even more competitive.
- I believe we should eliminate the current restrictions on the transfers of currently held PVL's. I further believe if a PVL owner transfers one or more PVL's, that person/fleet should be prohibited from participating in any new PVL issuance for a period of three (3) years. Furthermore, all new PVL's issued by the County should be non-transferable.

George Leventhal, Council President

July 16, 2015

Page 2

- I am strongly against the issuance of 200 new PVL's. With 770 PVL's already in circulation, adding 200 to an industry that is facing a decrease in demand due to the advent of TNC's will further dilute their value and negatively impact the industry. This issuance should be limited to 50 new PVL's. This approach will assist the smaller companies to grow as well as provide access for independent operators. Limiting the number of PVL's prevents an oversaturated market and allows companies and individuals already working to have the opportunity to actually grow their operations and still provide competition.

Furthermore, I support the effort to get more licenses in the possession of drivers. In 2005 Chapter 53 was changed, in large measure, to encourage new fleets to come in and compete in the County. Since then we have added two new fleets, Sun Taxi and Orange Taxi. These fleets, as well as the existing ones, were encouraged to do business in the County on the promise that they could grow and prosper. As I stated, limiting the number of new PVL's to 50 and dividing them equally between fleets and individual drivers will allow this. It will not oversaturate a market with waning demand, rather, it will encourage competition and allow those that want to grow the opportunity to do so.

- I endorse the notion that fleets ought to be permitted to sublicense their PVL's. As the TNC industry has clearly demonstrated, there is a surplus of drivers that are interested and available to work in the for-hire business. Sublicensing PVL's would allow fleets to bring in these operators, ensuring that all PVL's are on the road. Doing this will provide improved service to the public as well as provide a livelihood and ensure lower operating costs for the drivers themselves.

In my inaugural address in January I reaffirmed my intention to create a better Montgomery County business environment. I stand by that commitment and am deeply concerned that some of the provisions of the current bill undermine five local businesses which together provide jobs to over 1200 of our citizens.

I look forward to working with you to create a final bill that strikes a balance among the competing interests in this complicated industry.

cc: Roger Berliner, Councilmember
Marc Elrich, Councilmember
Nancy Floreen, Councilmember
Tom Hucker, Councilmember
Sidney Katz, Councilmember
Nancy Navarro, Councilmember
Craig Rice, Councilmember
Hans Riemer, Councilmember

MONTGOMERY COUNTY TAXICABS...CLEARING UP THE CONFUSION

County Councilmembers are in danger of making serious decisions on the future of the taxicab business, based on a limited knowledge of the industry as well as the receipt of incorrect and inflammatory statements. **Adding more regulation to our industry will seriously damage the industry and drivers' ability to remain viable in the face of stiff competition with relatively unregulated companies like Uber and Lyft.**

It's time to clear up the confusion
so sound decisions can be made based on fact, not fiction.

Passenger Vehicle Licenses – PVLs	
True? Sublicensing PVLs is bad for drivers.	False! Allowing drivers to sublicense PVLs from fleets is a positive step towards giving drivers an additional business option to consider. <ul style="list-style-type: none"> • Sublicensing is an "entrepreneurial gateway" for drivers. It has all of the advantages of a PVL (starting their own business, being able to use their own vehicles, etc.) without having to make the initial large investment in a PVL purchase. • For example, drivers who joined a TNC, purchased their own cars and are now disillusioned with TNCs would be able to return to a fleet and still drive their own car with maximum flexibility. • Benefits current individual PVL holders as they can sublicense to other drivers.
True? Fleets bought all of their PVLs from the County at the low County price.	False! While the smaller fleets (Action, Orange & Sun) have purchased all of their PVLs from the County, Barwood and Regency purchased more than 150 PVLs directly from their predecessors at market rates, significantly higher than the County's price.
True? Fleets have profited from the sale of PVLs to drivers at artificially inflated prices.	False! The fleets have sold very few PVLs to drivers. <ul style="list-style-type: none"> • With the County's approval, Barwood only sold PVLs in the context of its bankruptcy to reimburse its creditors 100% of the debt plus interest and didn't receive one cent of profit.
True? Only drivers should be eligible for newly issued or revoked PVLs.	False! This isn't fair to the small fleets that have invested in the County and seek to be more competitive. <ul style="list-style-type: none"> • Of any new PVLs issued, 50% should go to small fleets.
True? Fleets purposely leave taxicabs sitting idle in their lots and should have the related PVLs revoked as a result.	False! Companies have every incentive to lease every vehicle possible. The real issue is the lack of drivers. <ul style="list-style-type: none"> • The number of licensed drivers dropped from 1,428 in March 2015 to 976 in June. • Instead of punishing fleets by revoking PVLs, the County should allow fleets to become more competitive with TNCs who poach taxi drivers.

Regulation vs. Competition	
<p>True? A highly regulated taxicab industry can compete with relatively unregulated TNCs.</p>	<p>False! No business can compete when it is subjected to even more regulation and its competition goes virtually unregulated.</p> <ul style="list-style-type: none"> • Rather than giving the taxicab industry the flexibility to meet TNCs in the marketplace, the T&E Committee has approved the piling on of even more restrictions. • While TNCs use demand-based pricing, T&E opposed giving taxicabs similar flexibility. • Even worse, the T&E Committee approved new controls over the only other means of taxi company revenue by unreasonably capping fees such as lease rates.
Driver Income	
<p>True? TNC drivers make more money than taxi drivers because the TNCs only take a percentage of earnings.</p>	<p>False! In addition to losing at least 20% off the top, TNC drivers' revenues decrease as they personally foot the bill for a number of significant expenses that are covered by taxi fleets.</p> <ul style="list-style-type: none"> • Monthly car payments • Commercial vehicle insurance • Vehicle upkeep and maintenance
<p>True? Drivers cannot make minimum wage under the current system.</p>	<p>False! No facts have been provided to the Council to support this claim because there are none.</p> <ul style="list-style-type: none"> • The 2014 median Barwood driver income was \$69,224 (not counting unreported cash trips) before expenses, and \$42,356 after expenses. The largest group of drivers earned between \$70,000 and \$90,000. • It's impossible to calculate hourly earnings, as drivers are independent contractors. They have total control over the hours they choose to work and the fleets do not track those hours.
<p>True? Fleets control drivers' income.</p>	<p>False! Drivers who lease their vehicles are basically renting equipment from fleets to run their own businesses.</p> <ul style="list-style-type: none"> • Drivers lease taxicabs 24 hours a day and are independent contractors, fully in control of how many hours they work, how many trips they accept, the service they provide passengers and the net income they generate. • Drivers have more choices than ever today. Different fleets charge different levels of fees, enabling drivers to choose the most beneficial relationship.

Fix the taxi bill before it's too late.

Montgomery County taxicab companies asked for the Council's help to level the playing field and allow fair competition with transportation network companies like Uber and Lyft. Unfortunately, as it stands, the taxi bill falls short of providing that help. Instead of leveling the playing field, it actually increases regulation on taxicab companies making it even more difficult to compete.

Taxicab companies need flexibility to compete with TNCs.
There is still room to provide that flexibility in Bill 53-14.

Enable Sublicensing.

Sublicensing PVLs opens doors for new drivers. It's an entrepreneurial gateway as it has all the advantages of owning a PVL without the initial investment of a purchase. It also enables individual PVL holders to leverage their investment into greater income while creating opportunities for other drivers to launch a business. And it moves the taxicab industry closer in line with the TNC model by providing flexibility and ownership without investment. Without this provision, the bill denies critical flexibility and keeps individual PVL holders and fleets suppressed in the market.

Give DOT authority to set all fees.

Rather than giving the taxicab industry flexibility to meet TNCs in the marketplace, the T&E committee has approved piling on even more restrictions. It has proposed that not one, but two branches of government establish the fees charged by taxicab companies. Competing with TNCs requires not just flexibility but a lack of red tape. Allowing both the Council and DOT to set fees creates an unnecessarily cumbersome process for taxicab companies. DOT is best equipped to set fair and equitable caps on the fees we charge and regulate our companies under Chapter 53, as it has done since the law's passage.

Issue new PVLs equally to drivers and small fleets

Montgomery County made a promise to its small taxicab fleets that it would issue new PVLs to help them grow and compete. Now that the Council is considering an increase in the number of new PVLs, it's only right that the Council make good on that promise. If the County issues any new PVLs, half should go to the small fleets.

WILL 53-14 allow taxi fleets and drivers to meet Uber in the market?
No.

CAN 53-14 allow taxi fleets and drivers to meet Uber in the market?
Yes.

- Enable sublicensing*
- DOT oversight of all fees*
- Equally issue new PVLs.*

Hamlin, Joseph

From: Kristin Draper <KDraper@shulmanrogers.com>
Sent: Thursday, July 02, 2015 3:32 PM
To: Berliner's Office, Councilmember; Hucker's Office, Councilmember
Cc: Floreen's Office, Councilmember; Morrison, Drew; Dave Kunes; Jablow, Judy; Hamlin, Joseph
Subject: CCTI - Response to Request for Information re: Insurance

Councilmembers Berliner and Hucker:

At the June 22, 2015 T&E worksession considering the taxi legislation, you requested additional information concerning CCTI's request to lower the insurance limits for taxicabs in Montgomery County to meet the state imposed insurance levels for TNCs (50/100). You indicated that you would like more data on how many accidents have resulted in payouts that exceeded this insurance threshold and the cost savings that would result to fleets from this reduction.

All of the CCTI constituent fleets have provided information to me regarding how many payouts over the past three years have exceeded \$50,000. Of the hundreds of thousands of trips over the past three years, there was only one (1) claim payout that exceeded \$50,000 (this claim also exceeded the current \$100,000 minimum and was paid in full). Indeed, the vast majority of the payouts for claims did not even exceed \$30,000. There thus does not appear to be a risk of a significant impact on consumers.

As for the cost of the insurance, Amalgamated Casualty Insurance Company indicates that monthly 50/100/25 coverage (what CCTI is requesting) would cost \$201.00 for owner-operators and \$208.00 for cars that are leased to drivers. The current limits of 100/300/25 cost an owner-operator \$252.00 and \$350.00 for cars that are leased to drivers. Accordingly, there could be a \$51-\$142 monthly cost savings resulting from this change to the code. A reduction in insurance expenses will have a direct impact on lease costs for the drivers. In addition, individual PVL holders, including those who obtain any new permits that are issued, stand to significantly benefit from this reduction. The reduced limits would thus serve our common goal of reducing driver costs.

You also inquired as to the current limits applicable to taxicabs in Prince George's County. John Marshall informed me that Prince George's County has a 30/60 minimum insurance level for taxicabs (which is consistent with the lowest coverage level approved for taxicabs governed by the PSC). Please note that CCTI is not requesting that the insurance levels be lowered to this minimum level permitted by the PSC, but instead is requesting that the insurance minimums equate to the amount that the state has now imposed on TNCs.

Please let us know if you have additional questions or if we can provide any additional information.

Regards,

Kristin

KRISTIN E. DRAPER
SHAREHOLDER

kdraper@shulmanrogers.com | T [301.231.0943](tel:301.231.0943) | F [301.230.2891](tel:301.230.2891)

SHULMAN, ROGERS, GANDAL, PORDY & ECKER, P.A.
12505 PARK POTOMAC AVENUE, 6TH FLOOR, POTOMAC, MD 20854

MontCo Union Taxi, LLC

- The driver protections in Bill Number 53-14 are a huge leap forward for drivers. However, after years of terrible experiences with the existing fleets, drivers believe that the best way to protect themselves and to serve the community is to form MontCo Union Taxi, LLC, a driver-owned cooperative.
- The formation of the cooperative is well underway. The Montgomery County Professional Drivers Union's leaders are acting as the provisional leaders of the co-op, though the co-op will hold separate elections once operational. As of July 15, 2015, the co-op has:
 - Filed the attached Articles of Organization with the State of Maryland;
 - Retained Jim Johnson, an expert co-op developer, to assist with the formation of the co-op – Jim is with the Keystone Development Center, a federally funded co-op development organization that has been supporting co-op development in the Mid-Atlantic region for 15 years (Mr. Johnson's June 3, 2015, letter to the Council is attached);
 - Prepared the attached preliminary business plan for the co-op;
 - The business plan assumes: (1) that the co-op will begin operations with 50 drivers who each contribute \$2,000, expanding to 100 drivers within 6 months; (2) that the co-op will initially lease vehicles; and (3) that dispatch, marketing, insurance, and other costs will be similar to the initial costs to Alexandria Union Cab;
 - Formed a driver committee focused on researching co-op operational costs;
 - Formed a co-op advisory committee that includes founders of successful taxi co-ops;
 - Begun developing bylaws;
 - Begun soliciting capitalization commitments from drivers interested in joining the co-op; and
 - Begun exploring potential capital funding sources, including holding discussions with and securing business plan development support from The Working World, which has been assisting worker cooperatives for a decade.

Councilmember Riemer's Proposal for 100 Accessible Vehicle Licenses

- The co-op's leaders are experienced drivers who understand the problems with the current taxi industry in Montgomery County, including the significant problems facing underserved communities in the County. To address this problem, the co-op is committed to operating at least 50% of its taxicabs as accessible vehicles, with an eye toward substantially improving service to County residents with disabilities.
- To begin serving this community, we support Councilmember Riemer's proposal to amend Bill 53-14 to instruct the Director to issue 100 new accessible vehicle licenses to a new fleet or association, with preference given to a driver-owned fleet or association with a stated commitment to serving passengers with disabilities.
- This is a low-risk proposal that will benefit the County and community members with disabilities. If the co-op is unable to organize and obtain the new accessible vehicle licenses, the worst-case scenario is a return to the status quo. If, however, MontCo Union Taxi fully organizes and is granted the accessible vehicle licenses, it will benefit both drivers and the community.

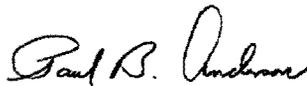
STATE OF MARYLAND
Department of Assessments and Taxation

I, Paul B. Anderson, Charter Administrator of the Maryland Department of Assessments and Taxation, hereby certify that the attached document, inscribed with the same Authentication Code, is a true copy of the public record of the **Articles of Organization**

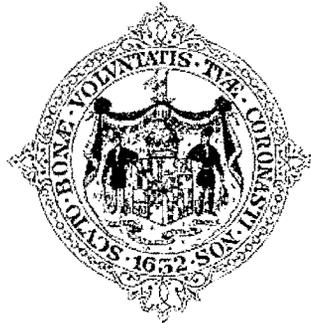
for
MONTCO UNION TAXI, LLC

I further certify that this document is a true copy generated from the online service with the Department of Assessments & Taxation.

In witness whereof, I have hereunto subscribed my signature and affixed the seal of the State Department of Assessments and Taxation of Maryland at Baltimore on this **July 10, 2015**



Paul B. Anderson
Charter Administrator



301 West Preston Street, Baltimore, Maryland 21201
Telephone Balto. Metro (410) 767-1340 / Outside Balto. Metro (888) 246-5941
MRS (Maryland Relay Service) (800) 735-2258 TT/Voice
Fax (410) 333-7097

Online Certificate Authentication Code: **5000000000447457**
To verify the Authentication Code, visit <http://dat.maryland.gov/verify>

ARTICLES OF ORGANIZATION

The undersigned, with the intention of creating a Maryland Limited Liability Company files the following Articles of Organization:

(1) The name of the Limited Liability Company is:
MontCo Union Taxi, LLC

(2) The purpose for which the Limited Liability Company is filed is as follows:
The purpose of the Limited Liability Company is to engage in any lawful activity for which a Limited Liability Company may be organized in Maryland.

(3) The address of the Limited Liability Company in Maryland is:
9524 Muirkirk Road, Apt. 102, Laurel, MD, 20708

(4) The Resident Agent of the Limited Liability Company in Maryland is:
Becaye Traore
whose address is:
733 Sligo Avenue, Apt. 501, Silver Spring, MD, 20910

(5) Signature(s) of Authorized Person(s):
Becaye Traore

(6) Signature(s) of Resident Agent(s):
Becaye Traore

(7) Filing party's name and return address:
Lucas Aubrey, 900 Seventh Street, N.W., Suite 1000, Washington, DC, 20001

I hereby consent to my designation in this document.

revenue model



member capitalization	\$2,000
member annual fee	\$0

total capitalization from founding members (see chart below)		\$100,000
estimated average monthly net increase in members	8	
estimated monthly incoming capitalizations		\$16,000

total annual fees revenue from founding members	\$0
estimated monthly annual fees revenue from incoming members	\$0

estimated daily vehicle-related costs

vehicle cost per lease-day	\$36
insurance cost per lease-day	\$7
vehicle maintenance cost per lease-day	\$3
miscellaneous vehicle costs per lease-day	\$3
total co-op costs per lease-day	\$49
markup for admin, overhead, recovery of start-up expenses	23.0%
vehicle cost to each member per lease-day	\$60.30

weekly stand dues per driver \$55

total pledged patronage -- lease-days/week		305
total pledged patronage -- lease-days/month		821.67
vehicle cost to member per lease-day		\$60.30
weekly stand dues total from founding members		\$2,750.00
weekly revenue from founding members		\$21,141.50
monthly revenue from founding members		\$91,613.17
yearly revenue from founding members		\$1,099,358.00

average days/week patronage pledge of founding members		6.10
weekly stand dues total from incoming members		\$440.00
weekly revenue from incoming members		\$3,382.64
monthly lease-days from incoming members		211.5
monthly revenue from incoming members		\$14,658.11

total estimated monthly revenue		\$106,271.27
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655

revenue model

number of founding members

50

founding members	annual fee	capitalization	pledged patronage – average days/week
1	\$0	\$2,000	6
2	\$0	\$2,000	7
3	\$0	\$2,000	6
4	\$0	\$2,000	7
5	\$0	\$2,000	5
6	\$0	\$2,000	6
7	\$0	\$2,000	7
8	\$0	\$2,000	5
9	\$0	\$2,000	6
10	\$0	\$2,000	7
11	\$0	\$2,000	6
12	\$0	\$2,000	5
13	\$0	\$2,000	6
14	\$0	\$2,000	6
15	\$0	\$2,000	7
16	\$0	\$2,000	6
17	\$0	\$2,000	7
18	\$0	\$2,000	5
19	\$0	\$2,000	6
20	\$0	\$2,000	7
21	\$0	\$2,000	5
22	\$0	\$2,000	6
23	\$0	\$2,000	7
24	\$0	\$2,000	6
25	\$0	\$2,000	7
26	\$0	\$2,000	6
27	\$0	\$2,000	5
28	\$0	\$2,000	6
29	\$0	\$2,000	6
30	\$0	\$2,000	7
31	\$0	\$2,000	6
32	\$0	\$2,000	7
33	\$0	\$2,000	5
34	\$0	\$2,000	6
35	\$0	\$2,000	7
36	\$0	\$2,000	5

656

revenue model

37	\$0	\$2,000	6
38	\$0	\$2,000	7
39	\$0	\$2,000	6
40	\$0	\$2,000	5
41	\$0	\$2,000	6
42	\$0	\$2,000	5
43	\$0	\$2,000	6
44	\$0	\$2,000	6
45	\$0	\$2,000	7
46	\$0	\$2,000	6
47	\$0	\$2,000	7
48	\$0	\$2,000	5
49	\$0	\$2,000	6
50	\$0	\$2,000	7

657

assumptions

assumptions about capitalization, revenue, startup expenses, and recurring expenses

capitalization and revenue calculations	
Capital – startup	\$100,000.00
Capital – expected monthly increase	\$16,000.00
revenue – annual fees - startup	\$0.00
revenue – monthly - startup	\$91,613.17
revenue – annual fees - expected monthly increase	\$0
revenue – expected monthly increase	\$14,656.11

pricing	
estimated co-op costs per lease-day	\$49.00
markup	23.0%
estimated cost to member per lease-day	\$60.30

co-op monthly vehicle-related costs (leasing or financing assumed)	
estimated co-op costs per month	\$65,628.33
estimated co-op costs – expected monthly increase	\$10,361.87
weekly miscellaneous related expenses	\$200.00
monthly miscellaneous related expenses	\$866.67

other calculations for line items in other sheets	
Outreach/Marketing - monthly	\$8,620.00
pamphlets, swag	\$1,000.00
media	\$7,500.00
business cards	\$50.00
website and email hosting	\$20.00
website content management	\$50.00

Office supplies & postage, dispatch software– monthly	\$5,070.00
photocopying	\$30.00
Mobile Knowledge dispatch software (per Alexandria Union Cab)	\$5,000.00
misc, membership sign-up materials, etc.	\$40.00

Equipment (less than \$500; over \$500 becomes depreciable capital asset)	\$800.00
computers	\$300.00
software	\$200.00
other	\$300.00

Utilities (Electric, Phone, Mobile, etc.) - annua	\$200.00
electricity	\$100.00
phone	\$100.00

Office Lease/Rental - monthly	\$4,000.00
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658

assumptions

lease (per Alexandria Union Cab) \$4,000.00

Business Registration Expense (e.g. licenses, etc.) - annual \$600.00
 LLC filing fee \$100.00
 MD business licensing (estimate) \$500.00

Professional Fees - annual \$1,800.00
 Legal \$1,500.00
 Accountant \$300.00

Insurance - annual \$4,000.00
 Board and officers (per Alexandria Union Cab) \$4,000.00
 Driver Insurance (bundled into daily vehicle costs) (paid by drivers in Alexandria Union Cab) \$0.00

Travel - local - monthly \$160.36
 Weekly Mileage \$27.78
 Average Miles Traveled per Week: 55
 Standard Mileage Rate from IRS: \$ 0.505
 parking reimbursements \$ 40.00

Travel - outside of region \$0.00

Training - annual \$15,000.00
 Taxi Plus training \$5,000.00
 Co-op governance training \$10,000.00

Miscellaneous - monthly \$400.00

Labor - monthly	\$13,866.67	no. of workers	\$/hr	hrs/week	\$/week	\$/month	\$/year
Totals		2	\$ 50	80	\$ 3,200	\$ 3,867	\$ 46,400
general manager		1	\$ 30	40	\$ 1,200	\$ 1,500	\$ 18,000
office staffers - total labor cost		1	\$ 20	40	\$ 800	\$ 1,000	\$ 12,000
dispatchers - total labor cost (some by GM)		3	\$ 10	40	\$ 1,200	\$ 1,500	\$ 18,000

credit/debit card fees and bank fees - monthly
 Fee - % per transaction 2.95%
 estimated percentage of transactions using credit/debit cards 90.00%
 estimated monthly bank fees \$35.00

initial set-up and start-up costs
 meter and POS set-up for each vehicle \$58,000.00
 meter and POS set-up for each vehicle - founders \$50,000.00 **cost per vehicle**
 meter and POS set-up for each vehicle - new members per month \$8,000.00 **\$1,000.00**
 dispatch software setup costs \$7,500.00

Taxes % of net

659

assumptions

estimated tax rate	0.00%
Debt	%APR
line of credit	\$0.00
term loan	\$0.00
Debt – Interest	%APR
line of credit	0
term loan	0
Accounts payable terms	%APR
COD	0
Assets and depreciation	\$0.00

099

monthly profit_loss

monthly profit and loss

	Year 1												Annual
	1	2	3	4	5	6	7	8	9	10	11	12	
Revenue													
Sales	\$106,271.27	\$120,929.38	\$135,587.49	\$150,245.59	\$164,903.70	\$179,561.81	\$194,219.91	\$208,878.02	\$223,536.13	\$238,194.23	\$252,852.34	\$267,510.45	\$2,227,690.82
Annual fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Gross Revenue	\$106,271.27	\$120,929.38	\$135,587.49	\$150,245.59	\$164,903.70	\$179,561.81	\$194,219.91	\$208,878.02	\$223,536.13	\$238,194.23	\$252,852.34	\$267,510.45	\$2,227,690.82
Total Vehicle-related expenses	\$76,856.87	\$87,218.73	\$97,580.60	\$107,942.47	\$118,304.33	\$128,666.20	\$139,028.07	\$149,389.93	\$159,751.80	\$170,113.67	\$180,475.53	\$190,837.40	\$1,608,856.60
Adjusted gross revenue	\$29,414.41	\$33,710.65	\$38,006.89	\$42,303.13	\$46,599.37	\$50,895.61	\$55,191.85	\$59,488.09	\$63,784.33	\$68,080.57	\$72,376.81	\$76,673.05	\$626,824.72
Operating Expenses													
Recurring													
Office supplies & postage	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$60,840.00
Travel - local	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$1,924.30
Utilities (Electric, Phone, Mobile, e	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
Miscellaneous	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$4,800.00
Depreciation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Labor	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$166,400.00
Credit/debit card fees and monthly	\$2,856.50	\$3,245.68	\$3,634.85	\$4,024.02	\$4,413.19	\$4,802.37	\$5,191.54	\$5,580.71	\$5,969.88	\$6,359.06	\$6,748.23	\$7,137.40	\$89,984.43
Office Lease/Rental	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$48,000.00
Start-up and occasional													
Outreach/Marketing	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$103,440.00
Business Registration Expense (e	\$600.00												\$600.00
Equipment (not costly enough to b	\$800.00												\$800.00
Professional Fees	\$1,800.00												\$1,800.00
Insurance (board and officers)	\$4,000.00												\$4,000.00
Travel - out of region	\$0.00												\$0.00
Training	\$10,000.00												\$10,000.00
Dispatch setup	\$7,500.00												\$7,500.00
Vehicle meter and POS setup	\$50,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$138,000.00
Total operating expenses	\$109,873.53	\$43,562.70	\$43,951.87	\$44,341.05	\$44,730.22	\$45,119.39	\$45,508.56	\$45,897.74	\$46,286.91	\$46,676.08	\$47,065.25	\$47,454.43	\$610,467.93
Net profit	-\$80,459.12	-\$9,852.05	-\$5,944.99	-\$2,037.92	\$1,869.15	\$5,776.22	\$9,683.28	\$13,590.35	\$17,497.42	\$21,404.48	\$25,311.55	\$29,218.62	\$26,056.99
Taxes (LLC - pass-through entity)													\$0.00
Net profit after taxes													\$26,056.99

661

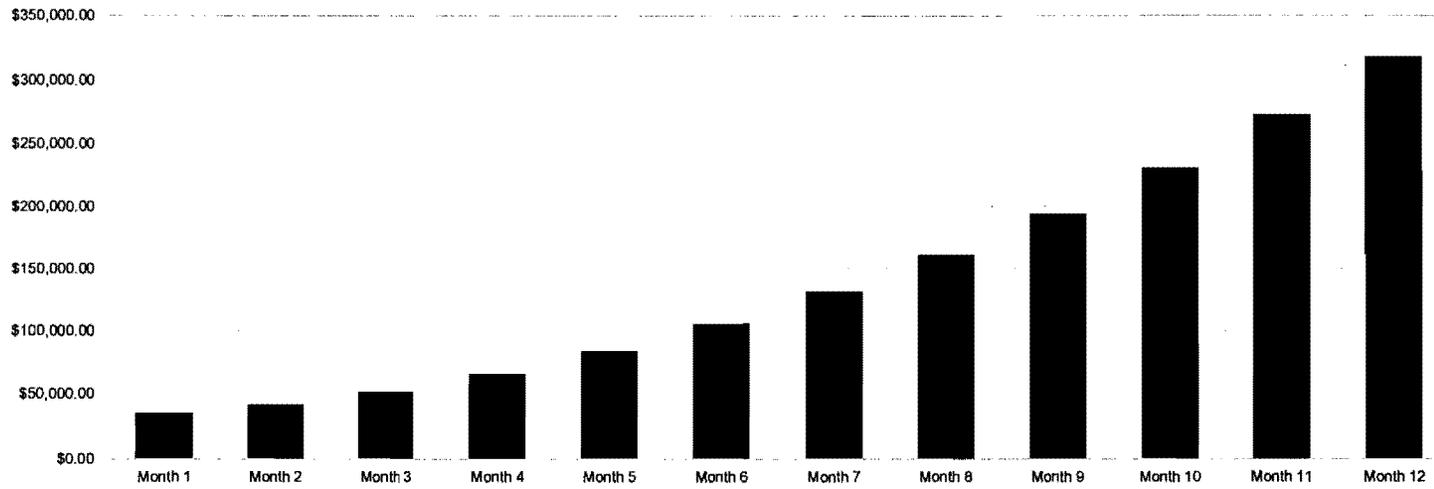
monthly cash flow

	Year 1											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Starting Cash	\$91,613.17	\$35,541	\$41,689	\$51,744	\$65,706	\$83,575	\$105,351	\$131,035	\$160,625	\$194,122	\$231,527	\$272,838
Sources												
Sales	\$14,658.11	\$120,929.38	\$135,587.49	\$150,245.59	\$164,903.70	\$179,561.81	\$194,219.91	\$208,878.02	\$223,536.13	\$238,194.23	\$252,852.34	\$267,510.45
Member annual fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Member Capitalization	\$116,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00
Total Sources	\$130,658.11	\$136,929.38	\$151,587.49	\$166,245.59	\$180,903.70	\$195,561.81	\$210,219.91	\$224,878.02	\$239,536.13	\$254,194.23	\$268,852.34	\$283,510.45
Uses												
Recurring	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Total Vehicle-related Costs	\$76,856.87	\$87,218.73	\$97,580.60	\$107,942.47	\$118,304.33	\$128,666.20	\$139,028.07	\$149,389.93	\$159,751.80	\$170,113.67	\$180,475.53	\$190,837.40
Office supplies & postage	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00	\$5,070.00
Travel - local	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36	\$160.36
Miscellaneous	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
Labor	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67	\$13,866.67
Credit/debit card fees and m	\$2,856.50	\$3,245.68	\$3,634.85	\$4,024.02	\$4,413.19	\$4,802.37	\$5,191.54	\$5,580.71	\$5,969.88	\$6,359.06	\$6,748.23	\$7,137.40
Utilities, phone, etc.	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Lease/Rental	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00
Start-up and occasional												
Outreach/Marketing	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00	\$8,620.00
Business registrations (e.g. i	\$600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Equipment	\$800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Fees	\$1,800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance	\$4,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Travel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Training	\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dispatch setup	\$7,500.00											
Vehicle meter and POS setu	\$50,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00
Purchase of Depreciable As	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Uses Before Taxes	\$186,730.39	\$130,781.43	\$141,532.47	\$152,283.51	\$163,034.55	\$173,785.59	\$184,536.63	\$195,287.67	\$206,038.71	\$216,789.75	\$227,540.79	\$238,291.83
Income Taxes												\$0.00
Total Uses After Taxes	\$186,730.39	\$130,781.43	\$141,532.47	\$152,283.51	\$163,034.55	\$173,785.59	\$184,536.63	\$195,287.67	\$206,038.71	\$216,789.75	\$227,540.79	\$238,291.83
Net Change in Cash	-\$56,072.29	\$6,147.95	\$10,055.01	\$13,962.08	\$17,869.15	\$21,776.22	\$25,683.28	\$29,590.35	\$33,497.42	\$37,404.48	\$41,311.55	\$45,218.62
Ending Cash Position	\$35,540.88	\$41,688.83	\$51,743.84	\$65,705.92	\$83,575.07	\$105,351.29	\$131,034.57	\$160,624.92	\$194,122.34	\$231,526.82	\$272,838.37	\$318,056.99
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12

662

monthly cash flow chart

Ending cash position



663

balance sheet_year end

balance sheet - year end

Assets	
Current	
Cash	
Accounts Receivable	\$0.00
Inventory left at year-end	\$0.00
Total Current Assets	\$318,056.99
Fixed assets	
Depreciable Assets	\$0.00
Depreciation (-)	\$0.00
Net fixed assets	\$0.00
Total Assets	\$318,056.99

Liabilities and equity	
Current	
Accounts payable	\$0.00
Line of credit	\$0.00
Current portion of term loan	\$0.00
Interest - line of credit	\$0.00
Interest - term loan	\$0.00
Total current liabilities	\$0.00
Remaining portion of term loan	\$0.00
Total Liabilities	\$0.00
Member Equity	
Capitalizations	
Retained Earnings	\$0.00
Earnings to date	\$26,056.99
Total Member Equity	\$318,056.99
Total Liabilities & Equity	\$318,056.99
Balance sheet is out of balance by	\$0.00

64

color legend

static / manually-entered value
calculated from other cells in current sheet
total from other cells in current sheet
from revenue model sheet
from assumptions sheet
from monthly profit_loss sheet
from balance sheet year end
from previous year workbook

665

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EnterpriseEarth

June 3, 2015

Montgomery County Council
Council Office Building
100 Maryland Avenue, 5th Floor
Rockville, MD 20850

Honorable Councilpersons:

I've recently been supporting the Montgomery County Professional Driver's Union in exploring the feasibility of creating a driver-run cooperative that would improve the quality of taxi service for Montgomery County residents, while also helping to mitigate the many hardships that the driver's face. I'm writing this letter in the hope that it will help to shed light on the situation and the process of developing this co-op, from my perspective.

Some background: Taxi cooperatives have been trending in the US over the last few years, as a way of successfully addressing the increasing hardships that professional drivers face. Services they typically provide to their members include centralized, not-for-profit dispatch and customer service (such as an app-based system similar to Uber), supplemental telephone support for customers for whom an app is not appropriate; internal training, quality control, accountability, and complaint handling systems; administration, management, vehicle maintenance, and marketing; aggregation of the other service needs of the drivers such as insurance, branding, livery, etc. As in Montgomery County, the AFL-CIO and its member unions such as the National Taxi Workers' Alliance have been key players in many of these efforts, bringing their resources and organizing talent to the table and helping to ensure the success of the co-ops.

Key advantages of co-ops include their ability to leverage the natural self-interest in operational effectiveness that arises from all workers being business co-owners, and the fact that they aren't required to generate profit for outside investors. Thus, well-executed co-ops can deliver better conditions for workers, while also providing superior customer service at a better price. One well-documented example is Cooperative Home Care Associates in New York City, which pays its home care workers significantly above industry average, with less worker turnover and customer service that sets the standard for the industry. <http://www.geo.coop/node/433> Another example is Childspace in Philadelphia, which provides superior career opportunities for workers and affordable rates to low-income communities. <http://www.geo.coop/node/400> For examples from the taxi industry, see the attached testimonials from members of successful taxi co-ops.

A key part of the success of taxi co-ops has been the strong ethic of mutual aid that is traditional in the co-op sector. Mature and emerging taxi co-ops that are available to our effort as models and for consultation include Madison Wisconsin (35 years old and going strong), Denver (where they succeeded in cutting drivers' lease costs in half), Philadelphia, San Jose (successful in cutting driver costs in half), Portland, Alexandria, and Austin.

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666

Our co-op's Steering Committee: Members of the Montgomery County Professional Drivers' Union have formed a Steering Committee for the purpose of creating a shared-services cooperative, to better meet the needs of themselves and their families in the face of the increasing hardships of their profession.

I have been meeting with the steering committee and engaging them in the initial stages of the co-op development process. I'm impressed with their level of commitment, their grasp of the nuances of the industry, and the strategic vitality in their thinking.

Quality of service: Member of the Steering Committee strongly believe that the current changes in the transportation services market will leave the County's most vulnerable citizens without adequate access to transportation services, and will not meet the minimum quality of service that all County residents require. I feel that the professional taxi drivers of Montgomery County understand these needs better than anyone, and that the Steering Committee is uniquely qualified to lead them in meeting these needs.

Specifically, the Steering Committee is committed to developing a Co-op that will:

- make safety a priority for our citizens and drivers
- ensure that elderly, disabled, and lower-income citizens have access to reasonably-priced professional-class transportation services
- advocate for reasonably-priced fares for county citizens
- ensure that county businesses and institutions have professional-class transportation services available to meet their special needs
- know thoroughly and service the entire county
- provide a living wage and decent working conditions for drivers

An association: The Steering Committee's vision for their Co-op intends to satisfy the county's Essential Requirements and Operating Requirements for an association, as defined Bill No. 55-14 and its proposed amendments, sections 53-220 and 53-221. The Co-op sees itself as distinct from the cab companies currently in the market, offering a not-for-profit, community-based alternative to the current for profit model.

The Steering Committee's Advisory Team includes:

- Beth Levie, AFL-CIO, V@W State & Local Policy Organizer. Beth has been with the AFL-CIO for 18 years and was an organizer with the Service Employees International Union in Milwaukee Wisconsin. Beth began her union career working at Colt Firearms as a machinist. She was a union steward and part of the negotiating committee with the United Auto Workers 376.
- Ron Blount, Taxi Workers Alliance of Pennsylvania, President. Ron has been a taxi driver for over 16 years. Founded in 2005 by taxi drivers, the Taxi Workers Alliance of PA is the largest Taxi Driver Advocacy Group in the city of Philadelphia. TWA-PA is a multi-ethnic membership-based organization, and its mission is to transform the taxi industry and improve working conditions through organizing, political and media advocacy, litigation, direct legal services and access to health care. TWA-PA programs and activities respond to the direct needs of more than 1,200 driver members along with all taxi workers, providing them with a means to advocate and organize for their rights and achieve basic workers protection and benefits. The primary focuses of their work are economic justice, workplace civil and privacy rights, safety, healthy conditions, access to health care, and the institutionalization of a democratic mass-based organization.
- Biju Mathews, New York Taxi Workers Alliance, co-founder and executive committee member and founding secretary, National Taxi Workers Alliance. NYTWA is currently one of the most successful new immigrant workers unions in the US with over 17,000 members in NYC. The

union primarily organizes yellow medallion lease drivers and has fought several successful campaigns, including fare hike-lease cap campaigns in 2004, 2006, and 2012. He is an associate professor of Information Systems and American studies at Rider University (New Jersey)

- Jon Liss, Tenants and Workers United. Jon has been an organizer for racial and social justice in Virginia for the last 30 years. From 1983-1984, he served as an elected leader of a taxi drivers association. In 1986, Jon co-founded Tenants and Workers United (TWU), a low-income racial and gender justice organization based in the Arlandria-Chirlagua neighborhood. John was instrumental in the founding of Alexandria Union Cab Company, a cooperative of 227 driver/owners that is now the largest taxi service provider in Alexandria.
- The Working World, NYC. A non-profit organization that provides investment capital and technical support for worker cooperatives using an innovative finance model, only requiring that cooperatives pay them back with the revenues the investments generate.
- DC Metropolitan Area Labor Council. A local arm of the AFL-CIO that works with nearly 200 affiliated union locals and community, religious, student and political allies to improve the lives of workers and their families throughout the greater metro Washington area.

A little about me:

- I've been in small business for over thirty-five years, and have spent over twenty of those years working with and for co-ops.
- I served on the board of the Takoma Park-Silver Spring Food Co-op from 1998 through 2002, including two years as President, and for another year in 2005 as Vice-President. From 1995 thru 2005, I was deeply involved as a consultant in the relocation and expansion of the food co-op, chaired the Design Committee for the new store, managed the transition to a point-of-sale system and a computer network, and oversaw the creation of the IT department. I'm currently helping to upgrade the membership database.
- I served with Sligo Computer Services in Takoma Park, MD, from 1999-2009, participated in its conversion to a worker co-op, and served three years as President.
- I'm a graduate of the CooperationWorks! Training for Cooperative Development Practitioners; CW (www.cooperationworks.coop) is a national network of professional co-op developers, and I served several years in the CooperationWorks! leadership as Chair of CW's Networking Circle.
- I'm a co-founder of the Democracy At Work Network (www.dawn.coop), the technical assistance service of the US Federation of Worker Cooperatives, and I currently serve on DAWN's Board of Governors. I also currently serve DAWN as a certified Peer Advisor, actively providing technical assistance to worker co-ops, start-ups, and conversions.

What we think is needed:

- In order for the Co-op to gain a foothold and thrive, the reforms included in the "Passenger Rights/Taxi Driver Rights" bill are badly needed;
- Additional PVL's need to be made available to drivers;
- Drivers need to be able to break away from the current profit-driven taxi fleets;
- A modern app-based dispatching system;
- Successful co-ops take time to develop, especially for training of leadership and the establishment of effective democratic governance structures

Thank you for your attention, and I look forward to our discussions going forward.

Sincerely,



Jim Johnson



MONTGOMERY COUNTY COUNCIL
Rockville, Maryland

HANS RIEMER

At Large

Chair, Ad Hoc Committee on Liquor Control

Lead Member for Digital Government

TO: Councilmembers
FROM: Councilmember Hans Riemer
RE: Amendments to Bill 53-14 - Taxicabs
DATE: July 17, 2015

I would like to ask for your support for two amendments I intend to move in our discussions of Expedited Bill 53-14 - Taxicabs. I want to applaud Chair Berliner, whose work has been visionary, and the Transportation, Infrastructure, Energy, and Environment Committee. The T&E Committee conducted an incredibly thorough review of for-hire transportation in Montgomery County and has constructed a bill we can be very proud of, and I am proud to support. The Committee's bill will greatly improve service for consumers, reduce outdated regulatory burdens, drastically improve working conditions for drivers, and modernize the taxi industry by creating the framework for universal digital dispatch apps. I believe that there two things we could do to improve this legislation.

Amendment 1: A Voice for Drivers

I believe that business works best for everyone - management, workers, and consumers - when everyone has a voice in the workplace. Unfortunately, a decades long trend has been for businesses to move from classifying their labor force as employees to independent contractors. While this trend is coming into the limelight in the context of new sharing economy companies like Uber,¹ in the taxi arena courts have long held that drivers may be hired as independent contractors. In addition to relieving employers from having to provide any benefits, this classification denies workers the right to organize and bargain collectively under federal labor laws. Avoiding unionization of taxi drivers was in fact a driving force behind their conversion from employees to independent contractors throughout the 1970s and 1980s, including at Barwood here in Montgomery County.

The result of this trend has been that drivers lacked a cohesive voice and their current working conditions reflect the great imbalance of bargaining power between drivers and fleets. Many of the provisions in the Committee's bill will greatly improve this disparity, but the changes will not be sustainable unless drivers have the ability to organize and pool resources. For example, amended Bill

¹ For example the California Labor Commissioner recently ruled that an Uber driver should be classified as employee. See <http://www.nytimes.com/2015/06/18/business/uber-contests-california-labor-ruling-that-says-drivers-should-be-employees.html>

53-14 requires that disciplinary actions follow a dispute resolution process culminating in binding arbitration. This is a great step forward, but binding arbitration is an expensive prospect - one that drivers will not be able to take advantage of unless they collectively pool resources to help each other.

Federal law does not allow us to impose mandatory dues, but we can encourage potential digital dispatch providers to provide a voluntary mechanism for drivers to pay dues. This will make it a little bit easier for them to pool resources and maintain the momentum they have built through the formation of a drivers' union.

Amendment 2: A Driver-Owned Co-op Focusing on Service to Disadvantaged Populations

One of the best things to come out of this process has been the coalescing of drivers around the formation of a driver-owned cooperative that would focus on providing services to everyone in the County through a fleet with a very high percentage of wheelchair accessible vehicles. Because this entity would be a non-profit, it makes it much more affordable for drivers to operate these vehicles. If we make additional assistance for drivers of accessible vehicles available through the \$.25 surcharge we are allowed to place on Uber rides, this concept will be even more viable.

But a new co-op cannot operate without the licenses to do so. Therefore I recommend requiring DOT to issue 100 non-transferable PVLs that must be used with a wheelchair accessible vehicle, with a preference that these PVLs go to a driver owned cooperative.

This new fleet would represent a massive improvement in transportation options for people with disabilities in the County - many of whom are not served by TNCs at all, and are poorly served by our existing fleets. We can reduce the response time for a wheelchair accessible cab in the County from days to minutes. Of course there is risk in any new business venture, but this risk is borne by the driver-members who choose to join the co-op; the risk to the County and to the public is almost non-existent. You should have all received documentation about the incredible progress that MontCo. Union Taxi has made in such a short period of time.

Some may argue that new PVL's will degrade the value of existing PVLs, but I disagree. The new PVLs would be non-transferable and limited to accessible vehicles, and these licenses are a drop in the bucket compared to the unlimited drivers TNCs are now allowed to bring into the County. What is really degrading the value of PVL's is the lack of customers. We hope the digital dispatch will help bring them back, but that will require sufficient drivers on the road to achieve a competitive response time -- hence a need for more PVL's, not fewer.

I would also add that many jurisdictions around the country are moving to increase the percentage of their taxi fleet that is accessible. Today we are at a paltry 5%. In Arlington they have just issued 60 new licenses, 50 of which were awarded to a brand new fleet dedicated to accessible services.² I have proposed that we create a new co-op fleet dedicated to accessible services. I think this is a sustainable model for taxi service and I hope you will support it.

² https://www.washingtonpost.com/local/dc-politics/arlington-oks-60-new-wheelchair-accessible-taxicabs/2014/12/13/4ce83c14-82f3-11e4-81fd-8c4814dfa9d7_story.html

Riemer Amendment – Centralized Dispatch – Voluntary Contribution

Add a new paragraph (8) to subsection 53-110(c) after line 198, as follows:

- (6) provide users with an option to see and request an accessible taxicab; [[and]]
- (7) be accessible to the blind and visually impaired and the deaf and hard of hearing; and
- (8) upon written authorization from a driver, deduct an amount designated by the driver from the driver's fare reimbursement and forward that amount to a third party trade or advocacy organization designated by the driver.

Riemer Amendment – Accessible Taxicab Licenses

Insert new text in Sec. 4 of the Bill, and renumber existing Sec. 4, as follows:

Sec. ~~[[3]]~~ 4. Not later than January 1, 2016, the Director must issue 100 new accessible taxicab licenses to a fleet that does not already hold licenses under this Chapter. In issuing the licenses, the Director must give preference to a driver-owned fleet with a stated commitment to serving passengers with disabilities.

Sec. 5. Expedited Effective Date. The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date when it becomes law.