

**CITY OF SAN ANTONIO
POLICE DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council
FROM: Albert A. Ortiz, Chief of Police
SUBJECT: Consideration of a Taxicab Fuel Surcharge
DATE: May 26, 2005

SUMMARY AND RECOMMENDATIONS

This Ordinance considers the adoption of a taxicab fuel surcharge in the amount of \$.25 per trip when the average price of gas exceeds \$2.00 during a one month period and amends Section 33-981 of the San Antonio City Code if the fuel surcharge is adopted.

BACKGROUND INFORMATION

In March of 2004, the San Antonio Police Department was asked to consider a study on the feasibility and impact of taxicab rate increases. In conducting the study, the goal was to provide a reasonable and fair rate adjustment, consider increases in the cost of living and dramatic rises in fuel prices at that time, minimize the impact on dependent customers, maintain competitive rates within the industry, and maintain optimal service accountability. Due to cost and availability of outside entities, the study in 2004 was conducted internally by City staff with the assistance of the taxicab industry.

The study in 2004 was conducted utilizing a number of different methods including: Consumer Price Index (CPI) and Producer Price Index (PPI) for Transportation; taxicab operating expenses by category utilizing CPI and PPI; and the Inflation Calculator. A comparison of taxicab rates to both Texas and national cities was also taken into consideration. The following table summarizes the rates in effect prior to June 2004, results of the staff study from 2004, Taxicab Industry Proposal, and the recommendations of the City Council Quality of Life Committee which were subsequently approved by the City Council on June 24, 2004.

Description	Date Of Last Change	Rates Prior to June 2004	Staff Proposal	Industry Proposal	Rates Approved In 2004
Drop Rate	1991	\$ 1.60	\$ 2.15	\$ 1.70	\$ 1.70
Mileage	2000	1.50	1.60	1.70	1.80
Wait Time	2003	15.00	15.00	18.00	18.00
Airport Minimum	2000	8.00	8.50	8.00	8.00
Downtown Minimum	1994	3.00	3.70	3.00	3.00

As noted in the previous table, the rates approved in June of 2004 were the same as those proposed by the taxicab industry with the exception of mileage charge which was increased an additional \$.10 to \$1.80 per mile. In formulating the recommendation to the City Council, the City Council Quality of Life Committee considered the impact on special populations, such as tourists and senior citizens, who primarily use taxicabs for short trips and the impact of fuel costs. Consequently, the Committee also determined a fuel surcharge would not be considered at that time.

In April 2005, a request by the taxicab industry was submitted for the adoption of a fuel surcharge. The taxicab industry proposes a fuel surcharge of \$.25 when the price of gas reaches \$1.75 per gallon and \$.50 per trip when the price of gas reaches \$2.00 per gallon. The proposal further states that at the beginning of each calendar quarter, the cost of unleaded regular will be determined by consulting the Bureau of Labor Statistics. If the price exceeds the aforementioned thresholds, the applicable surcharge would be applied to all trips during that calendar quarter. The price would be reviewed at the beginning of all subsequent quarters to see if the surcharge should still apply.

In reviewing the taxicab industry proposal for a fuel surcharge, staff first analyzed the impact of the adjustment in taxicab rates approved in June 2004, in particular, the additional \$.10 adjustment made to the mileage charge above the industry proposal of \$1.70. Based on information filed with the San Antonio Police Department for the largest taxicab company, this additional \$.10 mileage charge would have generated an additional approximately \$798,000 for the period April 2004 through March 2005. While the additional mileage rates did not become effective until July 2004, the period of April 2004 to March 2005 was used for analysis purposes in order to have a complete year of data to review. Assuming a taxicab vehicle averages 18 miles to the gallon, this additional revenue would be sufficient based on the total number of miles reported during this period to cover an increase of \$.62 in fuel costs. The Bureau of Labor Statistics indicates that the average gas price for the period April 2004 through March 2005 for the Houston area was \$1.78. The Bureau of Labor Statistics does not include an average gas price for the San Antonio area. Based on this analysis, city staff does not believe a fuel surcharge should be implemented at the \$1.75 per gallon price as proposed by the industry. The additional \$.10 mileage charge already provided an adjustment for increased fuel costs. This was in addition to the other adjustments proposed by the taxicab industry and approved in June 2004 as indicated in the table on the previous page.

However, if a fuel surcharge is to be implemented, staff believes a surcharge of \$.25 per trip could be implemented if unleaded gas costs exceed \$2.00. The average price of unleaded gas for a month would be calculated based on prices listed for regular unleaded issued by the "Oil Price Information Service". If the average price of unleaded gas exceeds \$2.00, a fuel surcharge of \$.25 per trip would be implemented and remain in effect for the following month. The average price would be calculated for the next month and if the average price continued to exceed \$2.00 the surcharge would remain in effect for another month. This calculation would continue to be done on a monthly basis. For example, if the average price exceeded \$2.00 for the month of June, the surcharge would be in effect for the month of July. If the average price of gas exceeded \$2.00 for the month of July, the surcharge would remain in effect for the month of August. This process would continue until the average price of unleaded gas for a month was less than \$2.00.

POLICY ANALYSIS

On January 25, 2005, the Transportation Advisory Board (TAB) submitted their recommended changes to Chapter 33, Vehicles for Hire, to City Staff, which included a fuel surcharge without recommended amounts or parameters. The Board has not been able to hold a meeting since that time due to 4 vacancies and 6 positions that expired in January 2005. The Board is unable to have a quorum, as mandated by City Ordinance #100199 passed December 17, 2004. City Staff is working with the City Attorney's Office on an ordinance to address this matter and is scheduled to go before the Quality of Life Committee on June 2, 2005.

FISCAL IMPACT

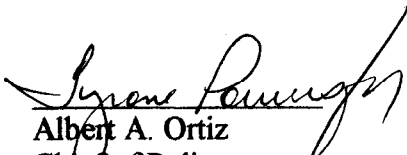
No City revenues or expenditures will be generated by the fuel surcharge if it is implemented.

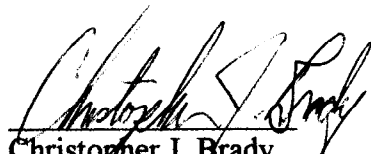
COORDINATION


This item has been coordinated with the Public Utilities Department.

SUPPLEMENTARY COMMENTS

The City of San Antonio Discretionary Contracts Disclosure form is not required.


Albert A. Ortiz
Chief of Police


Christopher J. Brady
Assistant City Manager


J. Rolando Bono
Interim City Manager