

White Paper

“Opportunity for Positive Governance Change with New Milwaukee Taxi Ordinance”

File 130903: In support of an ordinance relating to the license, permitting and regulation of taxicab operations and public passenger vehicles. Sponsored by Ald. Witkowski.

By

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Introduction

I am writing this “White Paper” to provide members of the Milwaukee Public Safety Committee information to assist its deliberation and action relative to this important matter. Although it may have been many years since Milwaukee has considered new governance as it regulates taxicab transportation in the City of Milwaukee, it is not alone in considering the adjusting of its ordinance in this regard. Numerous other municipalities across the nation, such as Dallas, TX, San Francisco, CA and several other metropolitan area are doing so as well at this time. Indeed, it was just announced fifty (50) new medallions are being auctioned soon in Chicago.

It seems clear that the time is ripe for adjustment. As described below, there are many factors favoring change. Primary in Milwaukee is the recent legal decision declaring the existing ordinance unconstitutional. While it may be on appeal, it signals the need for examination by the City of Milwaukee, and proposals are being made.

Also motivating change is the fact observed by the Legislative Reference Bureau in its report that the taxicab-to-population ratio in Milwaukee is at its *lowest* since the Great Depression of the 1930’s. In part this is due to the existing taxi ordinance established in 1991 limiting the number of permits allowed of 321. Instead of issuing new permits, the City decided to cap the number of taxicabs by allowing transference of the existing permits. Given the limited universe of permits, the value of a permit has risen astronomically to estimates of \$150,000. Indeed, in August the Legislative Reference Bureau estimated that if new permits issued, a 23% increase in the number of taxicabs on the streets of Milwaukee would ensue, or approximately 73 more taxicabs to fill the vacuum of need. This increase is reflected in the proposal by Alderman Bauman to issue up to another 100 permits, and additional permits after that if desired up 50 more over five years. A proposal by Alderman Murphy would let the “market” set the number

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in taxis servicing the public to meet the demand, or approximately 75 more vehicles in service. Whether this increase is allowed because of finite number of permits as per the existing proposal or letting the market determine itself the number of viable taxi's on its own, either way it is clear there is need for more taxi service in the City of Milwaukee.

2. Should a new ordinance limit to two individuals the number of new permits?

There are types of services which taxis render to the public. The first is hailing cabs which drive down the busy City streets looking for riders. These are prevalent in very large cities. But in smaller cities and more suburban markets, almost all taxis are ordered by telephone, and more recently through smartphones or online. Therefore, the mechanism for ordering the cabs is becoming more important, and the branding issue becomes ever more relevant as customers chose the service they prefer. The internet and smartphones allow customers to review at some of the features they seek in choosing the service which best suits their needs. But for most people, finding a good reliable service is still a trial and error process for the most part.

If the policies promulgated by the city result in highly fragmented operations, such as may happen if there are only 2 licenses allowed per individual, there will be little opportunity for these smaller entities to develop any brand identity. If they are compelled to sign up with a reliable dispatch service, there would be far more accountability by each operator. This is because they will be required to live up to the standards set by reputable dispatching services. The benefit to the public would be the increased reliability of the brand they seek in a competitive marketplace.

American Taxi Dispatch, Inc. believes that unaffiliated, fragmented operations, unless there is a very large demand for the street hailing type of service, would result in a chaotic profusion of relatively unaccountable operators. Accordingly, we recommend that even if there are limits placed on licensing, that all new entrants be required to affiliate or participate with a reliable dispatch service. The riding public will benefit by such accountability. This appears to be a part of the proposed new ordinance.

3. Should there be a minimum space requirement of 32 inches as measured from the back of the front seat to the back seat if it means more ecological and economical taxicabs are prohibited from being put into use?

This kind of taxi interior dimension limitations are a more recent development in the taxi industry. As very fuel efficient and ecologically superior hybrid vehicles become more abundant, taxi operators have discovered the great and obvious benefits of being able to seriously lower costs through more efficient fuel consumption. The most fuel efficient vehicles, such as the Toyota Prius, have

become extremely popular nation-wide. In just the past six (6) months, the American Taxi Dispatch, Inc. fleet has grown from a handful Priuses to 90 (out of 855 cabs) because the word got out about the customer acceptance of the vehicles as taxicabs. We expect hundreds more to come into service in the near future. The smaller cars easily accommodate 2 or 3 passengers, with luggage. Using our sophisticated dispatch software, American Taxi Dispatch, Inc. is able to match the vehicle to the type of fare so that all customers are supplied with right vehicle. In changing from a sedan or van to a Prius, most drivers reduce their fuel costs, and consumption dramatically, often by about 70%. This is obviously good for the driver, and for the environment too.

Arbitrary dimensional requirements which would exclude these fuel efficient vehicles would be very counterproductive. The answer is to allow a balance of larger and smaller vehicles. American Taxi Dispatch, Inc. statistics establish that 72% of our fares are one passenger, 12% are for two passengers, and only the remaining 16% are for three or more passengers. The use of reliable and accountable dispatch services can easily direct the proper vehicle in the situations where additional inches of seat room are required to accommodate those needs. This will allow the possibility for smaller, more fuel efficient vehicles to operate.

4. Should regulations be formulated to disallow taxicab transportation from non-permitted vehicles such as dispatch through “Uber” and “Lyft?”

The recent introduction to the national marketplace of new smartphone ordering “Apps” such as those involved in “Uber” and “Lyft” produce a new dimension of regulatory tension. This because the technology allows a way for unscrupulous operators to go around the ordinance restrictions imposed on all licensed taxi operators everywhere in all municipalities as in happening in Dallas, Chicago, San Francisco and New York. It is naïve to believe that the Milwaukee market will not be targeted very soon. In the past, there have been options such as limousines and livery services, which offer services similar to taxis, but which cannot operate on the streets as quasi taxis, or jitneys. Now the ordering Apps come closer to being quasi taxis because they purport to offer immediate service. This is “electronic” hailing in practice.

American Taxi Dispatch, Inc. also offers the same ordering Apps – actually superior ones in our opinion. But what arrives is a licensed, insured, safety lane inspected, branded taxicab which the public can immediately recognize as a licensed, reputable taxi service at a glance. This process offers the public a known entity, with consistent metered pricing that is generally pre-calculated at the time of the order placement so the customer knows what the fare will be within a generally accurate estimated range.

THIS IS IN SHARP CONTRAST TO THE “UBER’ MODEL WHERE CUSTOMERS ACTUALLY BARGAIN FOR AN ACCEPTABLE FARE FROM

AN UNREGULATED VEHICLE THAT ENDS UP BEING GENERALLY 20% TO 40% HIGHER THAN A COMPARABLE TAXI WOULD BE.

American Taxi Dispatch, Inc. recognizes that Uber type services are clandestinely invading the marketplace. However we rely on the longstanding brand loyalty we have cultivated over decades by offering low cost, quality, reliable service. We believe honest competition always benefits the consumer, and we always welcome the presence of new competitors. Since we are a nationwide leader with the first general use of interactive voice response technology (“IVR”), with our conventional taxi service we feel we offer the best of both worlds in a properly regulated environment. Currently 70% of our orders are now placed through automation – online, smartphone, special hotel apps, and now general ordering apps for I Phone and Android users, along the with the IVR. We have a higher level automated services than any taxi dispatch service in the country, which frees our live operators to be much more available to handle the other 30% of the callers.

However, passing any ordinance change which does not include consideration of operations designed to bypass licensing requirements and safety regulations to protect the public is a mistake given the opportunity to craft model legislation that presents itself under the current circumstances. The question becomes is coverage pursuant to the “Chauffeurs” license requirements adequate response?

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In conclusion, we thank you for the opportunity to participate in the discussion of The Milwaukee Taxi Ordinance that may develop given the current circumstances. We believe a quality dispatch service, such as that operated by American Taxi Dispatch, Inc. offers more accountability for owner operators in Milwaukee than ever before. All vehicles are tracked when working whenever they change their status (such as accepting an order, picking it up or dropping it off, etc.), and our programs allow for even more tracking if necessary. We are even considering implementing extensive safety programs to detect speeding or unsafe driving using GPS data generated by the tablets, smartphones and laptops the drivers use as their mobile dispatch devices. Trial programs have proved very effective so far.

Our need to uphold and strengthen our brand loyalty ensures we take seriously every complaint, and address them in a timely fashion as we have done for so many years. In other words, we are in business to stay, and we operate that way. American Taxi Dispatch, Inc. would like the opportunity to introduce the same proven quality and sophistication into the Milwaukee marketplace, as we have so successfully done throughout suburban Chicagoland. We believe the taxi riding public, all the residents and all the businesses, would benefit by the presence of a company which takes its customer service so seriously. Thank you for your interest in our thoughts in the consideration of the Milwaukee Taxi Ordinance

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