

BRIAN SANDOVAL
Governor

BRUCE BRESLOW
Director



RONALD GROGAN
Administrator

JENNIFER DeROSE
Deputy Administrator

STAN OLSEN
Chairman

Members
BRUCE AGUILERA, ESQ.
JAMES E. CAMPOS
ROGER C. THOMPSON, Ph.D

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
TAXICAB AUTHORITY
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MINUTES OF THE NOVEMBER 17, 2016 BOARD MEETING AND HEARING

1. Call to Order

Chairman Stan Olsen called the meeting to order at 9:09 a.m. at the location of 2080 E. Flamingo Road, Suite 114, Las Vegas, Nevada 89119.

Present from the Nevada Taxicab Authority Board

*Chairman Stan Olsen
Member Bruce Aguilera
Member James Campos
Member Roger Thompson*

Present from the Nevada Taxicab Authority

*Administrator Ronald Grogan
Chief Ruben Aquino
Attorney Janette Reyes-Speer
Management Analyst II Annette Watson
Fiscal Business Professional Trainee Jo Ann Caravella
TAC Coordinator Linda Holtan
Legal Secretary Amy McMahan*

Present from the Attorney General's Office

*Deputy Attorney General Sophia Long
Deputy Attorney General Gary Mathews*

Present from the Public

*John Mowbray, Frias
Michael Bailin, YCS
Marc Gordon, YCS
Sam Moffitt, ITPEU
Jonathan Schwartz, YCS
Joel Willden, YCS
Jeffrey White, Sands Expo
Dan Wade, Frias
George Balaban, Desert Cab
Rich Frakes, Desert Cab
Jaime Pino, Nellis
Johnny Lais, L3 Insurance Advisors*

Frank Gamez
Jason Lather, Lucky
Lee Hoves, H&H
Brent Bell, Whittlesea Bell
Desiree Dante, Lucky
Jason Awad, Lucky
Andom Kahsay, ITPEU
Athar Rebelos, Verifone
Krishna Kuist, Hyperion Advisors
Jack Hanifan, Frias
Tiuona Betz, HOA
Chelsea Capurro, Griffin Company

2. Pledge of Allegiance to the Flag

Stan led the Pledge of Allegiance to the Flag.

3. Compliance with Open Meeting Law

Administrator Ronald Grogan stated the meeting is in compliance with Open Meeting Law.

4. Public Comment

John Mowbray, Frias Transportation, spoke of Mrs. Frias' passing on October 31, 2016. Mr. Mowbray honored her memory and spoke about the difference she has made in Southern Nevada.

5. Approval of the October 27, 2016 Board Meeting Minutes

All in favor – motion passes.

6. Discussion with Maria Soto, Traffic Manager for LVCVA, Regarding Recent Taxicab Service

Maria Soto announced upcoming conventions and thanked the taxicab industry on the success of the SEMA convention. Ms. Soto stated they are very happy with the service they receive from the taxicab industry.

Chairman Olsen asked Ms. Soto if she has experienced any concerns with the TNCs. Ms. Soto stated she has had problems with the TNCs dropping off wherever they want to rather than in the designated drop off locations. Ms. Soto stated she has been in touch with Nevada Transportation Authority and they have assisted her with this concern.

7. Discussion with Freddie Kirtley, Assistant Director, Landside Operations, McCarran International Airport, Regarding Recent Taxicab Service.

Freddie Kirtley was not present.

8. Discussion with Jeff White, Security Manager, Sands Expo, Regarding Recent Taxicab Service

Jeff White stated they continue to receive great service from the taxicab industry. Mr. White stated the longest wait time was 12 minutes during show break. Mr. White thanked Frias and Desert for coming out to help during AAPEX.

Chairman Olsen asked Mr. White if he has any issues with the TNCs. Mr. White stated they do not.



- 9. Discussion Regarding Annual Review of Rates** - Pursuant to NRS 706.8824(6) – The Taxicab Authority shall review annually: (a) The existing allocation of taxicabs; and (b) The rates, charges or fares of the certificate holders in its jurisdiction.
- 10. Discussion Regarding Annual Review of Medallions** - Pursuant to NRS 706.8824(6) – The Taxicab Authority shall review annually: (a) The existing allocation of taxicabs; and (b) The rates, charges or fares of the certificate holders in its jurisdiction.
- 11. Discussion Regarding Annual Review of Fees** – Pursuant to NRS 706.8824(6) – The Taxicab Authority shall review annually: (a) The existing allocation of taxicabs; and (b) The rates, charges or fares of the certificate holders in its jurisdiction.
- Items 9, 10, and 11 were discussed together.*

Administrator Grogan introduced Dr. Cooper, who was retained by the Taxicab Authority to conduct an analysis of the taxicab industry in Clark County.

Dr. Cooper thanked the Taxicab Authority for providing him the opportunity to conduct the taxicab industry analysis. Dr. Cooper provided a presentation overview of his report. The presentation included several scenarios to address the rates and fees charged by the taxicab industry. Dr. Cooper stated Taxi Research Partners recommend scenario 7b. Scenario 7b includes recommendations to eliminate the credit card fee and to increase the standard fare by 1.99%. Dr. Cooper's full report is posted on the Taxicab Authority website.

Member Aguilera and Dr. Cooper discussed fuel surcharges in other cities. Dr. Cooper stated that a small minority of other cities use a fuel surcharge. Dr. Cooper stated fuel increases in other cities are usually dealt with in the annual reviews of rates and fees.

Member Aguilera and Dr. Cooper discussed credit card fees in other jurisdictions. Dr. Cooper stated some cities do have credit card fees and that they are usually in the form of a percent of the fare. Dr. Cooper stated the maximum percentage used for credit card fees they found was 5%.

Member Aguilera asked Dr. Cooper if other jurisdictions set fares at a maximum and allow taxicab companies to adjust fares competitively. Dr. Cooper responded that the majority of jurisdictions set fares as a maximum. Dr. Cooper stated these taxicab companies do not often reduce their fares but the option is there should the market dictate. Dr. Cooper stated the method by which discounts exist can be beneficial in cases where there is low price elasticity.

Member Thompson asked if there is a catastrophic change in the fuel price can the board then immediately look at it and make a decision regarding the fare structure. Administrator Grogan stated it can be done and that Taxi Research Partner's scenarios still allow for a fuel surcharge. Member Thompson asked if the fuel surcharge would be automatically added in cases where it is triggered by fuel costs. Administrator Grogan responded that as it stands today the board will have to meet and agree to put on the fuel surcharge. The removal of the fuel surcharge could be automatic if written into the order.

Jonathan Schwartz, YCS, thanked Taxi Research Partners for their consultancy services. Mr. Schwartz stated he believes the proposed recommendations of Taxi Research Partners would lead to a decline in



public service, convenience, and safety, if implemented. Mr. Schwartz further stated the recommendations made by Taxi Research Partners threaten several contracts held by his company. Mr. Schwartz stated he believes the recommendations of consultants are interesting, however he believes the managers who run the taxicab business are the experts.

Mr. Schwartz stated he believes implementing a maximum fare would lead to a decline in driver earnings which will make it more difficult to hire and retain employee drivers that meet Taxicab Authority standards. Mr. Schwartz recommends the fares be listed as a minimum rather than a maximum thereby allowing the taxicab companies to surge pricing as the TNCs do.

Mr. Schwartz stated he agrees with Dr. Cooper's report in regards to the fuel charges. He does however recommend removing propane from the study as YCS is the only company that currently uses propane.

Mr. Schwartz stated he does not agree with the analysis of the credit card fees. Mr. Schwartz stated credit card fees are not limited to the recovery of the costs associated with credit card payments. Mr. Schwartz stated he believes credit card fees are transparent as they are listed on the door of all taxicabs. Mr. Schwartz stated the removal of the credit card fee would make it very challenging to maintain their employee model. Mr. Schwartz stated adding credit card fees into the fare structure would go against legislative intent. Mr. Schwartz stated he believes the Taxicab Authority Board does not have the authority to eliminate credit card fees. Mr. Schwartz further stated if the Taxicab Authority Board did eliminate credit card fees he believes that will result in the elimination of credit card machines in Las Vegas taxis as it would be uneconomical to provide the service.

Member Thompson stated he is concerned about the magnitude of the credit card fee. Mr. Schwartz stated his company uses revenue from the credit card transaction fee to cover other costs. Member Thompson stated other costs should be part of the rates and fees. Member Thompson stated using funds from the credit card fee to cover other costs is a transparency issue.

Chairman Olsen asked if the credit card processing companies charge the same fees to each taxicab company. Mr. Schwartz stated the fees are different depending on the negotiated contract each taxicab company makes with the credit card processing company.

Member Campos asked if credit card fees are imbedded into the fee structure in other cities. Mr. Schwartz replied that they are. Member Campos asked if Las Vegas is more or less transparent than other cities in regards to the credit card processing fee. Mr. Schwartz stated they are totally transparent as to what the fee is.

Jason Awad, Lucky Cab, asked why management costs were not included in Dr. Cooper's analysis. Dr. Cooper stated the price index includes a variety of personnel costs and that figure 2 includes costs provided by the companies. Mr. Awad asked if management costs were included in the driver's earnings. Dr. Cooper stated they are not.

Mr. Awad asked where Dr. Cooper got the information that insurance costs dropped 14.5%. Dr. Cooper stated that is the amount the taxicab companies provided in their returns to the Taxicab Authority. Mr. Awad stated the cost of insurance has increased tremendously and that Dr. Cooper has failed to consider the SIR being paid by the companies.



Chairman Olsen asked is the information provided to Taxi Research Partners from the Taxicab Authority was acquired from the taxicab companies. Administrator Grogan confirmed this as correct. Administrator Grogan stated if the data provided to the consultant from industry data was not accurate that is not the consultant's fault. The taxicab companies were asked to provide the consultant with actual industry data.

Mr. Awad stated if Dr. Cooper did not include payments for SIRs then his insurance numbers are not accurate. Mr. Awad further stated if the insurance numbers are not accurate then all of Dr. Cooper's findings and recommendations are not accurate. Dr. Cooper stated he agrees that the insurance costs need to be accurately represented and that the insurance costs used in the analysis are based directly on the taxicab companies' annual reports submitted to the Taxicab Authority.

Mr. Awad asked if Dr. Cooper is recommending that no marketing is needed or if he is recommending that the cost of marketing not be included. Dr. Cooper stated scenario 8 includes marketing costs but the reason they concluded against it is when you factor in price elasticity of demand the companies would lose money in this scenario. Administrator Grogan stated he asked Dr. Cooper to look into adding funds for marketing and scenario 8 is the result of that request.

Jeremy Agüero was present on behalf of the Livery Operators Association and offered the board historical data on rates and fees in the taxicab industry as well as comparative information from other jurisdictions. Mr. Agüero's report is posted on the Taxicab Authority website.

Sam Moffitt, ITPEU, asked for clarification on Dr. Cooper's report regarding the relationship between a loss of revenue per medallion and the introduction of the TNCs. Mr. Moffitt stated drivers do not share in advertising or credit card fees. Mr. Moffitt suggests one way to keep employees is to figure out how to pay the employees more. Mr. Moffitt stated every time there is a rate increase there is also a medallion allocation. Mr. Moffitt stated this leads to a decrease in driver earnings. Mr. Moffitt suggest going past February of next year to gain a better picture of the decrease in trips the industry is facing before deciding on any medallion allocations. Chairman Olsen stated the additional medallions have not been put out on the road so the extra medallions have not had an effect on the driver's earnings. Mr. Moffitt suggested restricting the number of medallions that the companies can use daily. Mr. Moffitt expressed concern over the taxicab companies pressuring drivers to work more. Chairman Olsen stated that is a company decision and a driver's choice. Chairman Olsen stated there is a limited amount of time drivers are allowed to work. Mr. Moffitt stated he believes drivers should share in the credit card fee.

Mr. Moffitt stated ITPEU has supported many of things in Taxi Research Partner's report for years. Ruthie Jones, ITPEU, stated she has supported the removal of California from the gas surcharge index. Chairman Olsen stated the Taxicab Authority uses the same index as the Nevada Transportation Authority for the purpose of creating a standard. The Nevada Transportation Authority regulates all taxicabs outside of Clark County. Mr. Moffitt stated drivers pay 100 percent of the fuel and receive only 50 percent of the fuel surcharge in most taxicab companies. Ms. Jones stated ITPEU believes there should be a different method to determine fuel surcharges than the one currently being used. Ms. Jones stated ITPEU feels there is a loss of stability with the introduction of the ride share services. Ms. Jones stated drivers are expressing to her that they have lost up to 45 percent of their income because they cannot compete with the TNCs.



Jay Nady, A Cab, stated on Tuesday, Wednesday, and Thursday, more than half of his taxicabs stay in the yard. Mr. Nady stated on the weekend every one of his taxicabs are out on the road and he appreciates having those extra medallions because he uses them. Mr. Nady stated he only uses his medallions when there is a demand for them. Mr. Nady stated the poor service in Las Vegas is what created an opening for Uber. Mr. Nady stated it was the withholding of medallions that caused the poor service. Mr. Nady stated the gas in California is about 20 percent higher than Las Vegas and Arizona is about 20 percent lower so he believes taking California out of the mix will unfairly represent gas prices in Las Vegas.

12. Staff Report

a. Administrator's Report

Administrator Grogan stated this board meeting has been very productive in terms of understanding where the industry is related to the discussions and decisions that need to be made in terms of rates and fees. Administrator Grogan stated he thinks the model concept is the right concept. Administrator Grogan stated it needs some work and the help of the industry in getting the data points right. Administrator Grogan invited the industry to submit any information and thoughts on getting the components and data right in the model created by Taxi Research Partners. Administrator Grogan expressed to the industry that their support in the process is extremely important.

b. Chief Investigator's Report

Chief Aquino stated three additional investigators have been sworn in to the Taxicab Authority staff since the last board meeting. Chief Aquino invited the industry to a roundtable discussion regarding taxicab vehicle accidents on Friday, November 18, 2016, at 10:00 a.m.

Chairman Olsen asked Chief Aquino for the statistics on gypsy cabs over the last 30 days. Chief Aquino stated the gypsy team has been training and over the past several days they have impounded several gypsy vehicles. Chief Aquino stated the enforcement staff continually discovers ads on Craigslist offering rides and some of these ads link to TNC drivers working off app. Chairman Olsen stated these gypsy operations are critical in showing the legislature the challenges the industry currently faces. Chief Aquino stated gypsy operations are a top priority.

c. Stats for October 2016

d. Future Agenda Items

None at this time.

13. Report of Legal Counsel

Deputy Attorney General Sophia Long stated as information to the public the Attorney General's Office houses the Office of Military Legal Assistance which offers free legal aid to active duty military, the Guard, reserve, veterans and their families. DAG Long stated there is a link on the Attorney General's website if anyone wants to take advantage of this service.

14. Public Comment

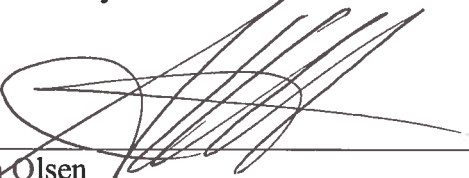
No comments.



15. Adjournment

All in favor of adjournment – motion passes.

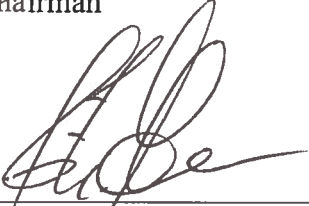
Approved by:



Stan Olsen
Chairman

12-8-16

Date



Ronald Grogan
Taxicab Authority Administrator

12/5/2016

Date

